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Marxism Today

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Vol. 2 No. 12

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People's Communes in China

Michael Shapiro

OVERTONES of historic struggle are in the very name Commune. They echo back to Robert Owen, the successful young cotton manufacturer who, in the early days of the advance to industrialisation in Britain, tried to set up model communes to alleviate the horrifying social abuses that accompanied the—at that time relatively new—capitalist mode of production. They recall the epic of the Paris Commune when the Paris proletariat "stormed Heaven" and gave the world the first brief example of the working class in power.

Have the people's communes now set up all over China any link with this tradition? Can it be that what was positive and practical in Owen's ideals is now coming true in China in the early days of its advance to socialist industrialisation: and coming true under Communist Party leadership as China races to overtake Britain, without the material and moral degradation that capitalist Britain imposed on the working people at home and later abroad?

Certainly the flavour of history is present in the recent remarks of Lu Ting-yi, the head of the Propaganda Department of the Chinese Communist Party. As though rendering account to the spirit of the founders of scientific socialism, he wrote in an article in the Party's theoretical journal, *Red Flag*, early in September, on "Education must be Combined with Productive Labour":

> "One hundred and ten years ago Marx and Engels in the *Communist Manifesto* formulated ten measures to establish a Communist society . . . of these, the first eight have already been carried out in China, through the adoption of methods suitable to the actual conditions of our country: and the last two, namely 'The combination of agriculture with manufacturing industries: the gradual abolition of the distinction between town and country' and 'The combination of education with industrial production' are beginning to be carried out."

It is, indeed, the successful link consciously forged between Marxism and hard Chinese realities that lends to the latest developments their peculiarly stirring character. Among other things, it is in the new Chinese communes that the last two measures formulated by Marx and Engels are finding their realisation.

A. L. Morton in his *The English Utopia* has performed a service in tracing the Utopian conceptions of a poor man's heaven through history from the medieval Cokayne fantasy where "every man may drink his fill, and needn't sweat to pay the sill," down to the vulgar modern distortions of man's dreams of a better future.

But not only economic aims are involved. Still more important, both in the link with revolutionary tradition and in the impact for the future, are the moral or ideological implications of the latest revolutionary change in China. It should be made clear immediately that the people's communes in China are only now in the process of being established: nothing can be allowed to divert from the autumn planting, and most places are just feeling their way forward, slowly and cautiously, beyond the stage of farming co-operatives. Only a few places have been bold enough to do more than set up the barest structure as yet. And there is a great deal of debate and discussion going on in the theoretical journals on both the bigger problems of principle and the many immediate practical questions thrown up. Any remarks, therefore, in this article are strictly very tentative. Whatever the full ultimate judgment, however, no one in the world with any socialist consciousness could fail to be inspirited by the words at the end of the first resolution published about the people's communes, on August 29th, by the Central Committee of the Chinese Communist Party:

> "It seems that the attainment of Communism in China is no longer a remote future event. We should actively use the form of the People's Communes to explore the practical road of transition to Communism."

The "Sputnik" Commune

Between the Yellow River and the Yangtze, just where the hilly western regions end and the lowlands begin to stretch out to the coast, twenty-seven small farming co-operatives in one of China's 2,000 counties came together last April,

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merged their property and manpower and formed what is now the best known people's commune, which they aptly named the Weixing, meaning the Sputnik. (The claim to be the first goes to a three-year-old fishermen's commune on a small island off Chekiang.)

Mao Tse-tung strongly approved when, in his extensive travels round the country, he called there early in August. The idea caught on. The peasants inundated the local Communist Party Committees with applications. By September 21st, more than 10,000 communes of somewhat varying kinds had been set up in most rural parts of China. On the eve of the ninth National Day, as the proud announcement was made nationally that the majority of the peasants had joined, locally the people combined the celebration of the anniversary with their entry into the new life —beating drums and gongs, dancing and singing and engaging in other revelry suitable to so great an occasion. No less than 90.4 per cent of peasant households had become organised in 23,384 communes in place of the previous 750,000 agricultural co-operatives. The communes range in size from communities of less than 5,000 households to great county-wide organisations or federations of communes, sometimes comprising several hundred thousand people.

By September, too, two other steps had been taken. The Weixing Commune published its draft rules and regulations which gave a deeper insight into the nature and significance of the change and the Central Committee of the Chinese Communist Party, in August, published its Resolution on the establishment of people's communes in the rural areas, from which the words quoted earlier are taken.*

The Resolution begins with the statement: "The people's communes are the logical result of the march of events." It is obvious from the outset that the establishment of people's communes is not just an organisational change. A people's commune is much more than a merger of farming co-operatives. It is a local unit of social life by which the people deal with everything, not only farming but industry and trade, education and recreation, political and even military affairs. Some communes, it is said, also have a "Foreign Affairs" department to handle relations with other communes (the Chinese for "foreign" being literally "outer" or "towards abroad").

It is a basic unit of state power in which all property and manpower is merged and unified and applied, through planning.

* By now communes or the commune form of organisation are also being set up in some factories, government organisations and among residents in streets. But the basic form is in the countryside, and it is with those that this article deals.

The Advance in the Countryside

I have just visited Hopei Province. The first things I was shown were the experimental farms where fantastic yields had been gained or were expected. Here 9,000 lbs. of ginned cotton were due to be reaped per acre of land where last year the normal yield was 225-270 lbs., and 360 lbs. was considered very good. This was only just over an acre of experimental land, but the average for all the cotton fields had already jumped up this year, to between 720 and 900 lbs. and, with the experience gained from the experimental fields, was due to go still higher next year.

Keen interest was shown in British wheat yields as we came to the experimental wheat lands, just planted to winter wheat by the students (that is, mainly peasants) of Hsushui College which has just been established by the commune. On these lands they expect to reap quite staggering yields per acre.

On all ordinary wheat land throughout the commune, they aim to get 9,000 lbs. per acre compared with, for this year, the very good results of 1,800 lbs. per acre.

This is not the place to discuss the almost incredible increases in farm output gained this year by China. What has been and is being done—for example, by more than doubling the wheat output this year, placing China in the second place in the world, ahead of the U.S.—makes all hitherto existing knowledge of agronomy seem almost like fumbling pre-history. Professors of soil science, doctors of agro-chemistry and other experts are rightly leaving their colleges and laboratories and humbly learning at the hands of the experienced and daring local peasant experimenters. The subject is mentioned in passing to indicate that the Chinese peasants are finding new ways of using the land, and the commune provides greater possibilities for this and also for the use of manpower. It also shows the growing prosperity in the countryside, which is another factor behind the establishment of people's communes.

Local Industry

More surprising even than the farming is the industry. Furnaces of all sizes, from baby ones turning out a few bars of iron a day to great ones producing tons, stand out at suitable places and have thousands working at them.

At the crossroads is a full blown traffic policeman—and this right out in the backwoods. He is needed, too, for traffic is heavy. Not only are there thousands of visitors from the cities and

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other communes, going by on foot, bicycle, horse and cart, car or in any other way to see how things are run in this place: but steady streams of farm carts move along the roads in each direction—to or from the hills where iron ore has been discovered. The Hsushui Commune reached an output of as much as 3,000 tons of pig iron a day from these local furnaces, but this has now fallen to 300 tons, because the peasant-workers, for the present, have to concentrate on their autumn ploughing and sowing.

In a commune the peasants are also workers. As recently as last spring and even in the summer, in most Chinese villages the womenfolk still laboriously milled the flour, prepared the food, nursed the children, made the clothes, performed other chores often in primitive conditions where every drop of water had to be brought from a distance: and sometimes also helped out in the fields.

Of all the changes since, none are more profound than the introduction of simple machinery (even if, at first, worked by foot treadle) to end household milling: the building of service restaurants and canteens so that the family can eat without great labour—either in the restaurant or by taking the food home: the setting up of nurseries, kindergartens, schools, tailoring workshops and a host of other basic amenities.

Free Distribution

At the village store in Ta Shin-kuo I examined the first goods supply card issued to members of the commune on September 20th. On one side it lists some of the goods to which the member is entitled free, and it states their money value. Soon a book will be issued in place of the card to avoid confusion with currency. On the back the explanation was given that the card could only be used within the commune and must not be used as currency: if the article named was not needed, the card could be used for other things up to the same total value: there was no time limit for the purchase of the articles: and the store could use the card in settling accounts with the commercial departments.

In addition to free food at the public service restaurants, members of this commune get three suits of clothing this year (one winter suit of quilted padded cotton and two light cotton suits), four pairs of cloth shoes (including one winter pair), three pairs of socks (socks are not normally worn in summer), some towels, six cakes of washing soap and one cake fine toilet soap, a toothbrush and two tubes of toothpaste, free cinema and theatre shows, free haircuts and baths (there is a handsome newly built bath-house). These are the individual items, that is, apart from the collective amenities provided which cover welfare services from birth to death—including "Homes of Happiness" for old men and women who have no one to care for them, and also club rooms, libraries, medical services and sports facilities.

The "system of distribution", i.e., the division of the product of the people's labour, is one of the subjects discussed by Vice-Premier Li Hsien-nien, Minister of Finance and member of the Political Committee of the Communist Party Central Committee, in a thought-provoking report in No. 10 of the Party's theoretical journal *Red Flag*, on the tour he made in September through the communes of Hopei and Hupeh. He says that in Hopei most communes are already operating semi-"wage" and semi-"supply" systems. The "supply system" covers basic items. Most communes provide what are called "seven protections", that is they take responsibility for seven major spheres of expenditure—food, clothing, medical care, birth expenses, education, housing, marriage and burial. In others only five "protections" are given so far, but a few already provide even more.

This supply system means that distribution is carried out "to each according to needs, subject to prevailing conditions of production". The "wages" or "allowances" paid in addition vary considerably from one commune to another. The principle of "to each according to his work" operates here as a rule, there usually being some grading in the amount of wages or allowances paid. The original draft rules of the pioneer Weixing Commune provide for a wage system to be operated, "as the Commune acquires stability of income and adequate funds, and the members are able voluntarily to consolidate labour discipline". It adds: "The wages of members will be fixed by the masses through discussion, taking into account the intensity and complexity of the work, the physical circumstances, technique and attitude to work. Wages will be paid monthly. Technical allowances may be paid to those who have special skills." The Weixing rules also provide for deductions for slovenly work and bonuses for specially good work.

The Hsushui Commune, which incidentally provides as many as fifteen "protections", seems to have gone much further. In fact, the Deputy Head would not use the word "wages" at all, saying that they had abolished the wage system entirely. Apart from the supply items, a very small allowance is paid each month, with only two grades—and even this small degree of grading according to effort or merit, he implied, might go entirely. "We have political education so don't

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rely on economic measures to any great extent" he replied, when I inevitably raised the question of incentive. We discussed the budget of the commune, the major items of which are reproduced here. It is the first budget, coming into effect now.

A Commune's Budget

There are 720,000 individuals in the commune. Of the gross income, industry accounts for 18 per cent. The allocation of the net income (after deducting costs of production) is as under:

	Per cent of total
Individual consumption (i.e. the supply items plus the cash allowances)	43
Collective consumption (i.e. welfare and other services ..	5
Taxes	4
Reserves (grain and other) ..	5
Net accumulation	43
	100

He explained that the individual consumption per head, which in this budget worked out at 87.6 yuan, would rise to between 115 and 150 yuan by next year, to 250-300 yuan by 1960 and 500 yuan by 1962. (These figures must be taken in relation to the low level of rural prices.) At the same time, collective items would also grow in proportion while the amounts set aside for investment would grow more than in proportion. By 1960 they planned that their income from industry would become 60 per cent of the total.

Li Hsien-nien in his report says that variations exist from commune to commune in the relative proportion of the supply part to the wage or allowances part of the distribution. In some the wage part is greater than the supply part. But there is no doubt that the trend will be gradually to extend the supply part and, though the monthly allowances paid may grow absolutely as income increases, they will decline relatively.

Whether the pace is fast or slow, the commune already represents a step forward from the collective ownership of a farming co-operative, where the product is distributed strictly according to works points earned, towards ownership by the whole people. For a period, "the whole people" concerned may only be a county or part of a county, so that some variations in living standards will exist from one place to another on a national scale. In other words on a county or commune level, ownership will still be collective, and in this sense the commune at this stage is still a transitional form from socialism to communism. Whatever its immediate scope, however, it represents the annihilation of the final remnants of private ownership of the means of production. Some richer middle peasants are reported to have remarked, on the founding of the communes, "This time, the roots are dug out," meaning that till now the road back to capitalism was only blocked but still existed. And whatever the merits of one form of commune as against another, "free food and a monthly allowance is an event of world significance," to quote Li Hsien-nien. It means China has reached the stage where it can absolutely guarantee every man, woman and child not only security but all basic necessities while investing enormous funds to develop the country. No wonder reports are coming in from some places that the peasants are demanding that the minimum be paid out and the maximum left with the commune to invest in necessary communal projects.

Draft Rules of a Commune

To fill out the picture of a commune, it is worth quoting from some of the draft rules of the Weixing commune (The Sputnik). Incidentally, this Sputnik really has gone into orbit. It expects so good an autumn crop that it plans to buy twenty tractors after the harvest and also twelve new sowing machines. By the end of the year, all major farming operations will be mechanised throughout the commune. And by next year it plans to produce its own first tractor.

Article Two:

> "The intent and purpose of the people's commune is to consolidate the Socialist system and energetically create the conditions for the gradual transition to the Communist system. To this end, exerting ourselves to the utmost and battling upstream, we must achieve greater, faster, better and more economical results in industry and agriculture, culture and educational work, carry through the technical and cultural revolutions, and gradually reduce the differences between town and country and between mental and manual labour."

As to membership, *Article Three* provides:

> "Citizens who are over sixteen years old may be admitted as full members. Former landlords, rich peasants, counter-revolutionaries and other people deprived of political rights may be accepted as unofficial members and, when granted political rights according to law, may be accepted as full members. All members have the duty to carry out the commune's resolutions, observe labour discipline and cherish and protect public property. Excepting mental defectives, full members have the right to elect, to be elected, to vote and to supervise the commune's affairs. Unofficial members have not the right to elect, to

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be elected or to vote in the commune, but in economic matters they may enjoy the same treatment as full members."

Dealing with private property, *Article Five* says:

"In changing over to the commune, the members of the co-operatives must turn over to the common ownership of the commune all privately-owned plots of farmland and house sites and other means of production such as livestock, tree holdings, etc., on the basis that common ownership of the means of production is now in effect, though members may keep a small number of domestic animals and fowls as private property. Any privately owned livestock and tree holdings turned over to the common ownership of the commune should be valued and counted as the private investment of the members."

Article Six goes into detail about expanding agriculture and industry and says the commune must apply itself vigorously to improving farm implements and effecting the mechanisation of agriculture and the electrification of the countryside in the shortest possible time:

"The commune must, in a planned manner, build roads, dredge water-ways, improve the means of communication, install a telephone service and gradually build up a network of modern communications."

Article Nine:

"The commune will, step by step, train its members as cultured working people with professional skills and all-round qualifications. The commune will institute a system of universal, compulsory education combined closely with labour. It will set up primary schools and spare time supplementary schools so that by degrees all school-age children can attend schools and all young people and adults, up to and including middle age, can reach the primary school level of education. It will strive to ensure, step by step, that each section will have a spare time agricultural middle school to enable all young people and adults, up to and including middle age, to attain the educational level of senior middle school students, conditions permitting, specialised schools or universities will also be set up adapted to the requirements of the commune. The working hours of the members may be duly reduced and their time for study increased as higher levels of production are attained. The commune shall encourage and help its members to engage in scientific studies on a wide scale, first of all, studies and experiments in good seed cultivation, soil improvement, tree planting, livestock breeding, elimination of insect pests and plant diseases, and the improvement of farming technique and tools."

Article Ten:

"A system of citizen-soldiers will operate throughout the commune. Young men, men before middle age and demobilised servicemen shall be organised into militia units to undertake regular military training and fulfil tasks assigned by the state. Militiamen shall be paid their usual wages when they undergo training and carry out tasks."

Article Twelve:

"The highest organisation of management in the commune is the Congress of the commune which shall discuss and decide all important communal matters. The Congress of the commune shall include representatives of every production brigade and all sections of the people, such as the women, youth, old people, cultural and educational workers, medical workers, scientific and technical workers, the staff of industrial enterprises, traders and minority people. The term of office for the members of the commune's Congress, its Management Committee and its Supervisory Committee shall be two years. Anyone seriously neglecting his duties may be dismissed by the electorate before his or her term of office expires."

Article Thirteen carefully details democratic forms of organisation for production, with the membership divided into a number of production contingents and sub-units or brigades under each contingent.

Articles Seventeen to Twenty-One detail the public services to be provided. On the lighter side, they stipulate that the commune shall develop cultural, recreational and sports activities among the masses so that Communist people may grow up healthy in body and in mind. It shall establish its own libraries, theatres and film projector teams, the contingents shall have their own club rooms, amateur theatrical troupes, choirs and sports teams, and each production brigade shall have its smaller reading room and its own radio sets.

There is also a stipulation for building housing estates at rents equivalent to the cost of maintenance and repair.

Article Twenty-Four says that a vigorous, regular democratic life must be ensured in the commune and in all its contingents, production brigades, factories, mines, lumber camps, livestock breeding farms, tractor teams, schools, hospitals, shops, banks, restaurants and militia units:

"All organisations subject to audit and accounting must publish their balance sheets and the accounts of awards distributed, regularly and in

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good time. All administrative staff must take part in productive labour as far as possible. The masses must be encouraged to carry out criticism and self-criticism, commend those who render meritorious service or put forward suggestions by way of big-character posters, so that defects in work can be overcome."

Article Twenty-Six says:

"Anyone causing loss to public property by negligence must be criticised, or dealt with by disciplinary measures, by the commune. Cases of corruption, theft or destruction of public property must be handled seriously, and serious cases should be referred to the higher judicial departments for punishment according to law."

How the Communes Arose

What has led to the setting up of the communes? It used to be thought, at least by my generation, that the step forward to communism would come after the material and ideological conditions are well prepared under socialism, particularly the economic conditions, with the implication that this would take a considerable time. Comrade Mao Tse-tung indicated the answer earlier this year when he wrote:

"Apart from their other characteristics China's 600 million people are, first of all, poor, and secondly 'blank'. That may seem like a bad thing, but it is really a good thing. Poor people want change, want to do things, want revolution. A clean sheet of paper has no blotches, and so the newest and most beautiful words can be written on it, the newest and most beautiful pictures can be painted on it."

The ability to turn an apparent liability into an asset is one of the great skills acquired by the Chinese Communist Party. Things are now so well arranged, for example, that there is a shortage of labour despite the big population. It would be misleading narrowly to look for the reasons for the communes solely or mainly in the economic factors alone. True, instances abound everywhere of how the people's commune, with its large scope, manpower and funds, immediately began tackling tasks impossible for a single co-operative—particularly in river control and large scale irrigation work.

But last winter's stupendous water conservancy campaign provided conscious mass education in communism, as well as dams and reservoirs and hydro-electric projects bigger in scope than in all China's previous history combined. The people themselves named the big collective undertakings projects of communism. Peasants came from the hills as well as the plains and did not count the benefits in terms of the direct effect of any project on a particular village. The Chinese Communist Party deliberately stimulated discussion on the possibilities which this kind of mutual aid held out for still bigger undertakings if practised as a normal regular thing. It became steadily clearer, too, that a co-operative on its own usually had not the funds to set up more than small subsidiary industry or handicrafts. Then also the Party popularised the introduction of canteens, nurseries, machine milling and other developments, particularly to free the womenfolk and release more energies for production, and to show the people the advantages of collective life. In fact, by the time the Party's Resolution was published and put to the people, the ground was so well prepared that many said "That's just what I've been saying."

It should be remembered, too, that by 1958, the peasants had already pooled their major property, their larger farm tools, their draught animals and other things. There was not much left to pool, except perhaps the houses (which were mostly dilapidated after the long years of war). At first, too, the new communes did not pool the private plots of land which the peasants of the co-operatives still had. But after the canteens were set up the peasants themselves frequently handed their plots back. They were getting better food and had little time to cultivate their plots.

Nor is the supply system such a great innovation in China. It is not so long ago that it was practised throughout the liberated areas among all government employees as well as the army, and it carried over into the first years after liberation. With it went the closeness of the leadership to the masses and the absence of great differences in standards between the highest and the lowest. Also one can point to the relative absence of a Western capitalist tradition, with its grasping commercial evaluation of everything, particularly among the peasant masses. It is interesting to note in the areas of China which have just emerged from primitive communism, as in parts of Hainan Island and Yunnan, the idea of sharing things in common irrespective of the individual's contribution comes naturally. In fact the idea of not doing so seems strange and immoral. But of all the factors in the background to the communes—and they embrace all the great economic and political changes since the liberation—the outstanding one is the successful battle on the moral or ideological front achieved during the past year or more in the rectification campaign. In essence, this was the struggle between the "two lines", the Socialist versus the Capitalist, which from 1949 to 1956 was fought out primarily on the economic fronts.

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In the villages, the battle, both economically and ideologically, has centred around the question of food. Steadily a sorting out has taken place between those concerned solely with their individual interests and those who can be drawn into the collective effort to improve and enrich life for all.

The great debate last autumn and winter in the countryside helped to clear away obstructive forces and ideas and let all that is best come to the surface. It was this that generated such intense enthusiasm and led to the great leap forward in irrigation and other projects which has spurred the whole country forward and, in turn, finally ended the tenseness in the food situation by creating relative abundance.

But it is the ideological clarity rather than the relative abundance that has made it possible to push forward so rapidly to the stage of communes. It is instructive to examine the example given by Li Hsien-nien that in many places on the first day when public service restaurants opened, supplying food free, people ate more than they usually did (compared with the former fixed quotas based on normal, basic family needs, which governed the calculation of supplies and consumption in any particular area). On the second day, people ate just a bit more and by the third day consumption was roughly the same. In other words, there is the sense of security now about food supplies and a healthy political understanding.

Fundamental Changes

Profound changes accompany the setting up of the people's communes. For one thing, money becomes less important. Already in the Hsushui Commune, practically all the transactions concerned with means of production are done by accounting and a growing proportion, too, of the transactions concerned with the means of consumption.

When I raised the question of the great need for accountants that this involved I was told smilingly that there was no shortage of them. The big problem had been in the co-operatives, where work points had to be calculated elaborately and people tended to look over one another's shoulders to see if calculations had been made correctly. Accountants had the difficult task of recording all work points earned and reckoning how the product should be distributed in the preliminary share-outs in the summer and autumn and the final settling of accounts at the end of the year. Now this is much simplified with the supply plus wage system. Incidentally, with this going not just to the head of the family as with distribution formerly but to all members, it changes the relations between people and breaks down the old "family head" system.

Li Hsien-nien touches on a number of other questions of great theoretical and practical importance. He points out that the old tax system based on commodity circulation is now basically out of date. The work of the banking system, too, with the old practice of seasonal issue and intake of currency is now changed with the big drop in cash transactions. Commodity exchange is reduced as many products formerly bought and sold as between handicraft and agricultural co-operatives or between different agricultural co-operatives or between peasants now become part of the product and consumption of the commune and are directly distributed within it. He recommends that the communes should draw up their plans with great care and that a system of contracts be operated between the commune and the state, stipulating what the commune will sell to the state and what it wants the state to supply. He says: "It seems that for a long time to come the contract will be the chief commercial link between the state plan and the plan of the people's commune."

But a people's commune is not only an economic organisation. It is a unit of government, taking over or merging with the former Hsiang (administrative grouping of villages) or country government. It takes over all the work of the former branches of state in the rural areas—financial, judicial, administrative etc. Inevitably there are a number of practical problems in this connection that have yet to be fully worked out. Some of the general problems raised by the establishment of the people's commune are peculiar to Chinese conditions but some have a universal flavour.

New Problems

Of these, one that is now being debated is the question of incentive. On October 13th, the *People's Daily* reproduced an article from the fortnightly theoretical organ of the Shanghai Committee of the Chinese Party (almost every province and major city now has its own theoretical journal of Marxism) called "Abolish the Ideology of Bourgeois Rights." It is a defence of the supply system, and a strong attack on the wages system with its elaborate grading as a hangover of unequal bourgeois rights. The writer traces the history of the supply system, asks "who got wages on the Long March?" and scathingly denies that the workers just go by what they are paid or that higher wages mean higher productivity. He notes what Marx said in *The Gotha Programme* that

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"bourgeois rights ideology" will remain in socialist society for some time and cannot be wiped out at once, but argues that Marx did not say that uneven grading cannot be wiped out or that it should be elevated, preserved and developed as a system. And he refers to the decree issued by the Paris Commune, quoted approvingly by Marx and Lenin, that the salaries of all administrative and government officials should not exceed the normal wages of a worker. He argues that the system of unequal grading spurs not productive and creative initiative but a fight for position and money.

There is much else in this fiery polemic. In reprinting it, the *People's Daily* said the article is somewhat one-sided but basically right and that it raises a question that needs discussing.

On October 17th came two further articles in the *People's Daily* defending the wage system. Significantly enough, neither claims the wage system desirable but calls it a necessary method which had to be operated in the mixed economy conditions in the first years after liberation.

Li Hsien-nien touches on the question of incentive when he says that so far from the introduction of the supply system making people lazy, it is generating more energy and enthusiasm. He adds:

> "It seems that the steady introduction of Communism in the economic sphere, while raising the level of Communist consciousness and morality, correspond to and mutually help each other."

In China today, the roots of incentive are classified in three grades: the highest is voluntary Communist political consciousness, below that is the spur of money or fame, and the lowest is arbitrary discipline or fear, such as the fear of unemployment. And the Chinese Communist Party is finding the way to appeal to and bring forward the highest, the voluntary political consciousness of the masses.

Many fine examples of this are coming forward in Chinese society today showing the spread of a high level of Communist morality. When the peasants of a commune near Peking who were asked to help in building the Shihchingshan power station had the question of payment raised with them by the factory they said: "If you talk money, we cannot take on the job." There is the instance of factory workers drawing their own wages from the cash box without supervision and with no "errors".

At the gates of the organisation I work in, too, there is a stall with cigarettes, cakes, toilet articles and other odds and ends where people serve themselves and pay without any attendant, though the till stands open.

Prizes for great scientific achievements that were still being paid last year are being dropped from now on. And in future there will be no more university degrees, the highest title of honour will be "People's Teacher", and that anyone can attain who makes a contribution to society.

The Future

Life is not easy in China yet. But then the Chinese people have never asked for a lazy, easy life. They have achieved what they have wanted—the opportunity to pull themselves out of the morass of utter poverty and backwardness, the legacy of former exploitation by feudalism and imperialism, and this they are doing with an infectious, vibrant zest.

In fact they are working with great intensity "in army style", that is, the style in which the People's Liberation Army worked.

Greeting the communes, the Party's theoretical journal *Red Flag* said this does not mean that the people

> "give themselves titles of generals, colonels and lieutenants. It simply means that the swift expansion of agriculture demands that they should greatly strengthen their organisation, act more quickly and with greater discipline and efficiency, so that, like factory workers and armymen they can be deployed with greater freedom and on a large scale."

It goes on to add:

> "Although the organisation of agricultural labour along military lines at present is for waging battles against nature and not human enemies, it is none the less not difficult to transform one kind of struggle into another."

The August Resolution of the Party sums up the future in these words:

> "After a number of years, as the social consciousness and morality of the entire people are raised to a much higher degree, and universal education is instituted and developed, the differences between workers and peasants, town and country and mental and manual labour—legacies of the old society that have inevitably been carried over into the socialist period, and the remnants of unequal bourgeois rights which are the reflection of these differences—will gradually vanish, and the function of the State will be limited to protecting the country from external aggression but will play no role internally. At that time Chinese society will enter the era of communism where the principle of 'from each according to his ability and to each according to his needs' will be practised."

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It is in this way that the Chinese people, brilliantly led by the Chinese Communist Party, are using "the form of the people's communes to explore the practical road of transition to communism."

Surely not only Robert Owen, but Marx and the other founders of Communism would rejoice and every progressive person in the world must be profoundly moved by this great experiment by one-fourth of human society.

How the rich stay rich

William Mennell

"The ways to enrich are many, and most of them foul." (Francis Bacon, 1561-1626)

A CONSIDERABLE and sustained effort is made to convince us that high taxation is rapidly reducing the inequality of property and incomes in our society. It is to be regretted that the effort often succeeds in face of the most glaring evidence that the converse is true. We may suspect, therefore, that the scale of the effort rises in direct ratio with the growth in riches.

How rich is rich? The advertiser who recently declared that he has £350,000 available to finance any reasonable proposition must surely be a rich man (*Financial Times,* August 30th, 1958). So also must be the tenant of the "ideal" flat in Monte Carlo paying a rent of £145 per month payable "in sterling in London". The person who solves his housing problem by taking a luxury flat in Eaton Square (two reception rooms, three bedrooms and two bath rooms) for fourteen years at an annual rent of £950 plus £6,000 (including carpets, curtains, refrigerator etc.) cannot be described as poor (*The Times,* August 28th, 1958).

There is a difficulty in the question of definition. You cannot identify a rich man by his income as declared to the Inland Revenue since it is likely that he will have taken steps to minimise his income for such purposes. There is justification in Kaldor's idea of taxing expenditure—except that we may be sure that the rich man would certainly find ways of minimising his expenditure for tax purposes and would employ others to think up ways of doing so if he was not bright enough himself.

The attitude of the rich and would-be richer has been well put by a young Conservative, Lord Altrincham:

> "The rights of private property are dear to most Conservatives, and the Socialist theory of ownership has been combated on grounds which are now tacitly, if not openly, accepted by a large section of the Labour Party. But nationalisation is not the only means whereby the State (to use the word in its narrow sense) can take over property which is not its own. Taxation, especially when it is designed for the express purpose of preventing the accumulating of capital in private hands, or the transmission of it to heirs, is a much more formidable menace. There may be a case for nationalising this or that industry, either in whole or in part, but there is never, in my opinion, the slightest justification for taxes on income and capital which amount to confiscation. As things now are the higher ranges of surtax and the top levels of death duty can be defended only on the assumption that private property in excess of a certain amount is morally wrong and socially harmful. This assumption is basically unsound" (*Sunday Times,* June 9th, 1957).

Unfortunately for Lord Altrincham's argument there is ample evidence that the rich have survived despite the "confiscatory" taxation which has now been in operation for many years.

A Beautiful Morning

On October 18th, 1958, Miss Suzanne Warner, an American-born, British-based blonde, awoke with a cold and £171,000 tax-free—according to the *Sunday Dispatch* of the following day. She was a director of Incorporated Television Programme Company Limited, which sold out to ATV for £7 million.

Miss Warner does not seem to have been entirely unprovided for prior to this windfall. She has a luxury flat with six rooms and two bathrooms; a specially-made bed 5 ft. wide; two telephones; a Jaguar; a chauffeur and a masseur. According to the *Sunday Dispatch* reporter (October 19th, 1958) Miss Warner said: "So I've made £171,000. I can tell you this: it isn't like winning a football pool. A lot of hard work has gone into promoting me where I am."

But what is £171,000? One does not have to be very old to remember when the present 48-year-

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old Sir John Ellerman succeeded to the shipping empire of his father. Large sums were paid in death duties when that happened but it seems that enough was left to build a new fortune on.

On October 1st, 1958, it was reported that Sir John, Britain's richest man, saw the profits of his Ellerman Lines rise another £1,276,000 to £8,847,000 in 1957. His group of shipping companies has net assets now of nearly £60 million—an increase of £3,600,000 on a year ago (*Evening Standard,* October 1st, 1958). There seems to be no lack of accumulation here.

The statistics do show that there is great inequality amongst the rich. The ninety-ninth report of the Commissioners of Inland Revenue showed that 1,216,000 persons received a total investment income of £669 million which was equivalent to 70 per cent of all investment income—i.e. unearned income. Interest and dividends only received by this group amounted to £630 million which again was 70 per cent of all interest and dividends received by persons.

As will appear later, little reliance can be placed on taxation returns to show how rich the rich really are. Nevertheless, it is a fair assumption that they are somewhere in the class paying surtax, i.e. where the total income exceeds £2,000. This class includes, of course, the higher paid executives, scientists, civil servants and the like but investment income does not go to this lower section of the surtax class.

In the year 1955-6 the investment income of people at surtax level was distributed as follows:

Range of income	*Investment income*		*Number of incomes*	
	£m.	*%*	*Number*	*%*
Up to £500	19	4	148,000	49
£500 to £5,000	266	55	136,000	45
£5,000 to £15,000	133	28	17,000	5½
Over £15,000	61	13	2,000	½

Source: *Labour Research,* March 1958—derived from hundredth report of the Inland Revenue.

There are, therefore, 19,000 persons receiving a total investment income (before tax) of nearly £200 million. The top 2,000 incomes average £30,000 a year investment income before tax.

These are investment incomes only. It must be remembered that some large incomes are derived not in the form of interest, dividends or rent, but in the form of very large salaries—as managing directors of companies for example. Furthermore, the receivers of large incomes are wont to declare that they have nothing left of their incomes after tax. This is as much an exaggeration as the man observed when he read his obituary notice.

The distribution of all incomes after tax in the year 1957 is shown by the following table:

Distribution of personal income before tax—1957 (£ million).

Range of income	*No. of incomes 000's*	*Income before tax.*	*Income taxes.*	*Income after tax.*	*Average net income.*
Under £5,000	25,834	14,668	1,277	13,391	£500
£5,000 to £20,000	63	496	268	228	£3,620
Over £20,000	3	86	70	16	£5,335

Source: National Income & Expenditure Blue Book 1957.

Of the 3,000 incomes over £20,000, 900 have £6,000 or more left after tax and a total net income after tax of £6,900,000. This is an average of £7,675 a year net after income taxes—equivalent to £147 10s. per week, which can hardly be described as the poverty line.

There is a perhaps natural tendency for the rich to regard income taxes as the only taxes. There are, however, taxes on expenditure which are usually described as indirect taxes. The taxes on expenditure include the duties on drink and tobacco and purchase tax on durable consumer goods. Since these are articles, in the main, of mass consumption they tend to be spread throughout the population on a per head basis—i.e. without any direct relation to the incomes of the persons paying them.

In 1957 taxes on income totalled £3,345 million, whilst taxes on expenditure totalled £2,543 million. Between the years 1948 and 1957 taxes on expenditure increased by 175 per cent, taxes on income by 167 per cent, and taxes on capital by only 82 per cent.

The Value of Personal Property

Professor E. Victor Morgan of the University College of Swansea recently (*The Times,* September 17th, 1958) made an estimate of the total value of personal property in Great Britain for the average of the years 1953-5.

As Professor Morgan says: "There are few subjects on which the average man is more reticent than the nature and extent of his property" but nevertheless he has deduced from various statistical sources that the total personal property in Britain is £38,000 million. If we leave out of account the value of land and building (£6,600 million) the assets producing investment income have a value of approximately £20,000 million.

We can deduce from the income distribution figures that this property of £20,000 million is owned by about 1½ million people. Of these the richest 2,000 people own between 9 and 10 per cent—say £2,000 million.

This does not mean that there are 2,000 millionaires because several of them have several millions each so that a fairly large number of the 2,000 have to manage with a quarter of a million and a smaller number with half a million.

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These figures show the position at a particular point in time. It is necessary to show the circumstances in which the growth in personal wealth takes place. There are two aspects to be considered. First there is the avoidance of both income and capital taxation. Secondly the natural growth of capitalist accumulation through exploitation.

Income Tax Avoidance

"All tax is unnecessary," said Mr. Justice Davies (*Evening News,* November 8th, 1956) in the course of a Divorce Court action during which reference was made to a company formed by Donald Peers (a popular singer) "for the legitimate object of avoiding payment of unnecessary tax".

On October 3rd, 1956, Mr. Harold Wilson told a Labour Party Conference that:

"The tax-avoidance industry is becoming one of our major national industries. If one-tenth of the energy devoted to this activity in the City of London was devoted to the export drive, we would have no economic crisis."

The desire to avoid "unnecessary taxation" even affects the marriage rate. Amongst wage and salary earners the taxation system is a factor affecting the decision to marry and tends to encourage early marriage when both parties are earning. This causes a big increase in marriages in March of each year since, so long as the nuptials are concluded before April 5th, an additional tax-free allowance is obtained.

Amongst the rich, however, the incidence of taxation has the opposite tendency—avoidance of tax requires the avoidance of matrimony. There is on record a case in which an engineer, earning £5,000 a year, fell in love with an authoress earning about £1,500 a year. They wanted to marry, but discovered that as soon as they signed the marriage register their joint income, after tax, would fall by £536 a year. So they decided to "live together".

So far so good—but they even found that they could improve their net income by "living in sin". By various legal contracts (including one under which the man paid the woman an annual allowance) they increased their "saving" to £736 a year.

If there should be children of the union there would be more contracts and covenants for their education—all saving tax.

A spokesman of the Inland Revenue, on hearing of these arrangements, said: "There have been reports of couples on the surtax level being divorced to save income tax, but we have no official knowledge of it."

The essence of avoiding the payment of income tax *legally* is arranging not to receive an income—an income, that is, within the definition of the Income Tax Acts. It is not the purpose here to provide a guide to the methods of avoiding taxation but some interesting examples can be given.

There are certain institutions (pension funds, charitable endowments and the like) whose income is exempt from taxation. That means that if they receive interest and dividends from which tax has been deducted at the standard rate (as it must be according to law) they can apply for repayment of the tax without any question.

One method which used to be very popular has now been stopped by the authorities. It is known as "bond washing". In order to understand this operation it is necessary to remember that stocks and shares quoted on the Stock Exchange are for certain periods quoted ex interest. This means that the buyer, during such periods, will not receive the next ensuing payment of interest or dividend.

On the day when a stock is first quoted ex interest, the market price falls by an amount related to the value of the interest which, from that point on, does not follow the stock to the buyer. As a general average the market price of the stock falls by an amount equivalent to the amount of interest less tax at the standard rate—at present 8s. 6d. in the £.

It will therefore be obviously advantageous for investors who do not pay the full rate of tax to buy stocks cum the interest payment and sell them when they are quoted ex the interest payment. In effect this is trading not in the stock itself but in the particular interest payment—the sale of the stock ex interest plus the income tax ultimately recovered produces a larger amount of money than was paid for the stock in the first place.

This is the operation known as "bond washing". For its existence it relies upon the existence of a body of people who are interested in "reverse bond washing". These people would rather sell the interest payment for the reason that if they receive the interest as income they may have to pay a higher rate of tax on it than 8s. 6d. in the £.

> "What is frowned upon both in Whitehall and in Threadneedle Street is the washing of the same bond again and again within the twenty-one days before it is quoted ex interest—a period within which it has hitherto been permissible to deal either ex interest or cum interest. The Treasury was at risk of having to pay out in tax refunds more than it collected in tax" (*Economist,* September 8th, 1956, p. 818).

The rules of the Stock Exchange have been amended to prevent such serial bond washing operations in respect of Government stocks.

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> "Bond washing will not thereby be wholly stopped, there will still be stocks both inside and outside the gilt-edged market—for instance Japanese Bonds—in which it could be done, but the expectation is that it will be reduced to proportions that do not really matter because the temptation is removed from those stocks that are dealt in in great volume by discount houses and some other institutions."
>
> (*Economist,* September 8th, 1956).

The mention of Japanese Bonds brings to mind another intriguing way of avoiding the payment of income tax and surtax. It will be understood that the interest on German and Japanese Bonds was not paid during the war. After the war there were discussions about the resumption of debt service by those ex-enemy Governments, and the result in both cases was an offer by the German and Japanese Governments to resume the payment of interest on their loans and the various arrangements for redemption. Essentially they undertook to meet current interest payments and to pay the war-time arrears over a period of time.

It is open to the holders of German and Japanese Bonds to accept the terms offered. If they accept, the Bonds become "Assented" to the Debt Scheme and the coupons on the Bonds can be cashed each half-year as they fall due—including any coupons which have become payable prior to the date of "Assent".

There are both "Assented" and "Non-Assented' Bonds changing hands on the Stock Exchange. The market price of Non-Assented Bonds increases each half-year by the value of the coupon for interest which has become due. As the coupon has not been cashed it is not income from the point of view of the Income Tax Acts, and therefore the regular half-yearly increase in the value of the Non-Assented Bonds is a capital gain and not subject to either income tax or surtax.

Apart from these and other "legal" ways of avoiding "unnecessary taxation" there are other ways which are definitely illegal and which amount to an acknowledged fraud on the Inland Revenue. In one way or another they all amount to a deliberate concealment of income which, when it turns out to be unsuccessful, is punishable with fines and imprisonment. It would be incorrect to describe here the ways in which deliberate fraud is practised—often successfully.

In this business of tax avoidance one general rule is well established. There is no possibility of avoiding tax if you are on P.A.Y.E. Therefore it is desirable, in order to minimise taxation, to secure what is known as a Schedule D Assessment —the formula by which taxation is assessed on the profits of a trade or profession. This is the formula which permits the charging of "expenses" wholly and necessarily incurred in connection with the trade or profession. In this connection it is important to remember that a "tax loss" (i.e. a trade or profession which, according to the assessment formula shows a loss owing to the charging of expenses greater than the gross profit) can be set off to reduce the tax on other forms of income.

It has been this situation which has encouraged many business tycoons to buy farms; to spend large sums in improving them out of the reduced total tax liability which ensues, and in fact to turn taxable income into an untaxable capital improvement.

Expenses

Owners of businesses and the directors of companies are much more interested in the expenses which they can charge against the business than in their profits or remuneration. Attempts have been made by the Inland Revenue to limit the scope for tax avoidance by way of expenses, but they appear to fight a losing battle.

If a company has branches in different parts of the world or is selling in many overseas markets nothing is more obvious than winter business journeys of directors to more pleasant climates. We need look no further than the advertisement for a shipping line in which a sunbathing female expresses satisfaction that she has married a man whose business requires that he shall make regular trips to (say) South Africa—taking her with him, of course.

At a conference in September 1958, Dr. Terence Morris, a London criminologist, said that lavish luncheons on expenses much higher than necessary were no less delinquent than stealing the scrap material belonging to the same firm to build a chicken shed. He added that: "Business 'losses' manufactured in accountants' offices did not differ in spirit from criminally false insurance claims."

The Institute of Directors has recently published a booklet entitled *Health Problems of Directors* which has been something of a gift to cartoonists. The booklet deals with the mental health of directors, but the comments on their physical health have attracted more attention. It disapproves of the "alcoholic luncheon" which British business men may so often be seen consuming:

"It may well be enjoyable, but unless it is followed by half an hour's nap the work done tends to be of poor quality."

On drink the booklet's advice is to dilute it, to eat when you drink, and to drink as little as possible at midday. On food it also counsels moderation and mild dieting:

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"Obesity . . . may well be the greatest single cause of ill health in executives. It is purely due to eating too much."

It may be added—on tax-free income.

Avoiding Death Duties

Death duties are the only form of tax on capital in operation in Britain. They are levied according to a steeply graded scale on the value of property passing on death. In a capitalist society it is not surprising that these duties have been described as iniquitous and worse by the class which has to pay them—if they cannot be avoided.

Since the medical advisers of the rich cannot show them how to avoid death itself, the lawyers are called in to make their passing less distressing to their heirs.

> ". . . . it remains a fact that if a man is a family man and is family-minded and makes the right dispositions at the right time, the bill for surtax that he has to meet and . . . the bill of Estate Duty which his family have to meet on his death, are entirely and absolutely under his control. . . . In other words I have little sympathy personally with the man who is caught with a heavy bill of Estate Duty on his death. Similarly, it is obvious that the burden of surtax for a family man, assuming, of course, that his family is the right age for the purpose, can be alleviated with the greatest of ease."
>
> ("Practical Aspects of Saving Estate Duty"—Lecture by Geoffrey Tribe—Barrister-at-law to the Incorporated Accountants—1955).

The obvious course for the rich is to give away everything they possess before they die, but the Inland Revenue got wise to this a long time ago and the general rule now is that gifts made less than five years before the death of the giver are nevertheless reckoned as part of the estate on which duty is payable. Even this rule has important exceptions.

Gifts not exceeding £500 are not caught by the five-year rule—even if they are made five minutes before death. But what is £500 to a rich man? There is another rule which exempts gifts which can be said to be normal gifts having regard to the amount of the giver's income or the general circumstances. The interpretation of "normal" rests with the Estate Duty Office—and they are sometimes rather generous.

Convenient Marriage

Another very important exception from the five-year rule covers gifts which are made in consideration of marriage.

> "It is, of course, obvious that if a marriage is not in the offing you cannot use this relief; but it is quite surprising how often, when the need is urgent, that sort of circumstance does make itself available" (Geoffrey Tribe, op. cit.).

Mr. Tribe went on to describe such a circumstance:

> "I have in mind a case on which I was consulted some months ago, where the circumstances were these. The head of the family was an eminent man who was well advanced in years and was very ill indeed. He was so ill that his expectation of life was a matter of weeks and no more. He had four children, a son and three daughters. The son and two of the daughters were already married, with families of their own, and the daughter who was unmarried was in her early thirties. The family fortune, which was very considerable, was at that time still invested in a private company. The danger of death at any time, causing the liquidation of the family interest and the payment of an enormous amount of Duty, was serious. But then, by good fortune, the third daughter suddenly announced that she was about to get married, and everything became easy. All that had to be done was for the father to make it quite clear that he was giving substantially the whole of the shares in this company to the third daughter to mark the occasion of her marriage, and to make it clear that the gift was not restricted in any way at all. If at a later date the daughter came to the conclusion that the father had possibly been a little more generous to her than the circumstances warranted, then it would be open to her, if she saw fit, to make settlements in favour of her brother and sisters of a proportion of what had been given to her without any reservation or condition at all."

What is Property?

It is possible to have property which is not property from the point of view of death duties. For example, a rich man can insure his life for a large amount and nominate his widow or his children as the beneficiaries when he dies. In other words this is property which the rich man created but in which he could never have an interest.

There is a gentlemen's agreement between the insurance companies and the Inland Revenue whereby the insurance companies are chary about issuing policies for large amounts when the assured person is of advanced age. There is a concealed threat that, if the insurance companies do not moderate these operations, then legislation may be introduced to regulate the situation.

But what is "moderate" if you are dealing with rich people? The conversion of capital into annual policy premiums of £20,000 or more and provid-

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ing £100,000 or £200,000 at a lower rate of estate duty to the heirs takes place with fair frequency.

Then again agricultural land is perhaps more obviously property than any other kind. There is, however, a reduced rate of estate duty on agricultural land and, therefore, many rich men have sold other interests in order to buy farms so as to ensure that a larger proportion of their riches pass to their heirs on their death.

Private Companies

It is well known that there are many (and often quite large) companies which are, in effect, owned by a single individual. The rich have continuously sought to use this device as a means of reducing income tax and surtax and as a method of minimising death duties. The Inland Revenue has engaged in a running fight with such companies and their owners for some years.

An Act of Parliament of 1940 brought in some important new rules. Where the death occurs of a person who had control of a private limited company, the shares are valued not on the normal market basis but by reference to the company's underlying assets. In other words, as if the company had not been in existence at all but the deceased had been trading as an individual.

The obvious answer to this situation is that the owner of the business should dispose of sufficient shares to lose control but even that does not work if he then dies within five years of losing control. There is another Section (No. 45) of the same Act of 1940 which charges the company itself with the duty on the assets not represented by the deceased's minority shareholding.

This has been a very difficult question to get round. One way is to have two companies in more or less the same kind of business or related business. Arrangements can be made for one company to be subject to the provisions of Section 46 of the 1940 Act and the other not so subject. The Inland Revenue would see through the business if there was a direct transfer of assets but it would not be impossible to arrange for the "free" company to make very good profits whilst the Section 46 company had all the bad luck.

Special Investments

The rich often wish to invest their spare money otherwise than in stocks and shares and other income-producing property. In fact a great deal of thought is expended in the search for assets which do not pay any income at all but which may be expected to hold their relative value through any period of inflation. If they are likely to increase in real value then all the better.

Diamonds and mink for "madame" and books and works of art for the ancestral castle are obvious choices.

By way of example we have Mr. H. C. Drayton, a City financier who controls many companies (according to the *Evening Standard* of October 9th, 1958). It seems that he also controls twenty-six provincial newspapers; has a flat in Kensington Palace Gardens and a house in Suffolk. He collects first editions and already has a first edition of *Robinson Crusoe* and most of the first editions of Arnold Bennett and W. H. Hudson. Again according to the *Evening Standard* he was the mystery buyer of the Rudyard Kipling papers at Christie's in July.

"He paid £1,600 for the papers, was prepared to go considerably higher to ensure that they would remain in this country."

According to a member of a well-known firm of jewellers it is business men who now buy jewellery rather than the aristocracy, and between £1,000 and £2,000 is the average expenditure on a piece of jewellery (*Evening News,* October 1st, 1958).

Capital Accumulation

All the "arrangements" which are made to minimise taxation would not account for the continued existence of a very rich ruling class. For the root of the matter we must go to the real objective of capitalism—the continued accumulation of capital as a result of capitalist exploitation. It is misleading, in considering this question, to pay undue regard to the amounts paid out as dividends. Dividend income is necessary to the ruling class in order to support their luxurious living standards—saving out of such income is marginal.

Personal saving by the rich is also unnecessary in view of the fact that the amounts of profit retained in business are much larger than those paid out in dividends. Furthermore, undistributed profits are normally utilised in the purchase of fixed assets and in the provision of additional working capital. That is, they are used as capital in order to increase the scale of exploitation in the future. Since it is not held in the form of money, they will retain their relative exchange value during any period of inflation.

The National Income and Expenditure Blue Book for 1958 shows that in the ten years 1948 to 1957 inclusive the total amount of corporate income paid out in dividends was £9,294 million whilst the undistributed income of corporations was £14,051 million.

The importance of this is well recognised on

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the Stock Exchange where a company which persistently earns enough to cover the dividend distributed two, three, four or more times over enjoys a high investment status and share prices of such companies rise to such a level that the immediate income provided by the investment may be as low as $2\frac{1}{2}$ per cent on each £100 invested.

An Immoral Society

There is perhaps a sense in which our present society is more immoral than can be said of capitalism in general or of capitalism in its early stages. Until a better system of society appears on the world stage there is something to be said on the credit side for a system which expands production compared with pre-existing societies. Whilst wealth and profits can be closely correlated with enterprise it is possible to understand (though not accept) those who consider that this is just.

No such justification can be found with the present society. The profits go to those who practise chicanery of the most varied kinds. Instead of expansion and enterprise we are faced with stagnation and instead of commercial rectitude we see plainly a parasitic body involved in sharp practice, speculation, place seeking and "valuable contacts" in a strenuous endeavour to get rich quickly. So far the parasites succeed.

World without war

Maurice Dobb

TO those acquainted with him or with his writing Professor Bernal has always been known as a man of encyclopaedic knowledge, with a mind richly fertile in ideas concerning all manner of fields, whether close to or far removed from his own speciality. Quite the reverse of the narrow specialist, he believes that the scientific method can and should be applied in all branches of life, and that to do so would result in a new renaissance of our time, alike in science itself and in society. At the same time he is fully aware that ideas become a force only when they inspire action; and no scientific writer of modern times can have been imbued with a livelier sense of the relation between ideas and revolutionary change in the structure of society. That is why Marxism is the very structure of his thought, not just a quotation tacked on to the end of a paragraph.

Many will remember him in pre-war days as preacher of the "social responsibilities of science" against the "frustration of science" by capitalism; and in wartime as a leading figure in "operational research" ("the only time I could get my ideas translated in any way into action"). Today more people know him, perhaps, as an outstanding spokesman of the peace movement than know the ideas that he has persistently expounded for thirty-odd years. It is in both capacities that he speaks in his new book, with its challenging title of *World Without War**—as peace-fighter and as rich storehouse of ideas about the role that science can play in a rationally constituted world. This is what makes it remarkable and its appearance so considerable an event for the Labour and progressive movement. Not only do we see the author in these pages as the great Marxist-humanist that he is as well as scientist, but the book is essentially addressed to the rank and file of ordinary people in this and other countries, not just to leaders of thought or an intellectual *élite*.

The keynote of the work is that what is called the "scientific industrial revolution" of our age could be used to transform the economic condition of a poverty-stricken world if science were not harnessed to war and the rational use of economic resources obstructed by an obsolete system and its vested interests. "The most important realisation [Professor Bernal says in his Introduction], and one which is not yet sufficiently widespread, is that the benefits of using science for welfare are so great as to make entirely pointless all the disputes about which wars have been fought in the past and for which countries enter into defensive and offensive alliances. . . . Yet [he goes on] the reason why people can still be persuaded to follow in the path which leads to war is largely because they have not been able to see any alternative. . . . What I am trying to do in this book is to set out . . . the nature of the choice that faces humanity in its present crisis."

However, the author is not addressing his book only to convinced Socialists; one thing indeed that makes it so important is that it reaches out far beyond them to give both an awareness and a vision to numberless people who have not engaged themselves to either side in the cold war, but wander bewildered in face of situations that they

* *World Without War*, by J. D. Bernal (Routledge and Kegan Paul, 1958, pp. xii and 308, 25s.).

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find difficult to understand. For these he sets out concretely the scientific possibilities in a world freed from the horror of war and the paralysing risks of cold war which are today "destroying any hope in the future, especially among the young".

"What I would like to see," he says, "and so would many scientists, is a world of socialist countries co-operating in a planned way to secure the best environment for all human beings, and to give them the chance of using their abilities to the utmost. But I do not expect this all at once, and much could be done in intermediate stages, when countries still with different economic systems can exist side by side in peaceful competition."

What must impress anyone on opening the book (except for the crabbed reviewer in *The Times Literary Supplement* and those of his kidney) is its scope and range and the wealth of detailed information it contains. After the introductory chapter from which we have quoted, it begins with a chapter on nuclear warfare, in which the scientific facts about such a war are told, and the pretensions of the Kissinger "limited nuclear warfare" school examined, soberly and factually, but with telling effect. "Nuclear war would not mean a simple, clean end to civilisation, such indeed as could happen from an explosion of the sun, but rather a painful creeping back into some form of life of the maimed and crazed remnants of humanity in the least-affected areas such as Tristan da Cunha or Tierra del Fuego. . . . It means a setback of hundreds or perhaps thousands of years. . . . Rocket nuclear warfare is indeed the last stage in evolution of impersonal war, where the separation between the button-pushing agent and the tens of millions of his victims becomes absolute. He does not see or know or care what he does."

Against this appalling prospect the rest of the book depicts, just as factually and soberly, what could be done to transform the economic condition of our world with the expenditure of less per annum than has been spent since 1950 on preparation for war. In Chapter III a striking table shows the huge disparity in national product per head, infant mortality, average expectation of life, food-intake in calories and proteins and illiteracy between the most developed and the least developed countries of the world.

From that follow chapters on Industry, Agriculture, Food and Population, and on The Advancement of Science, in which the present state and possibilities of scientific achievement are most lucidly discussed. "The Economy of a World in Transition" surveys the needs and the potentialities for development of the countries of Asia and Africa, as well as the niggardliness of the capitalist powers (except in respect to "military aid") and the main reasons for retarded development hitherto. Imperialism is just not interested in development when it cannot monopolise the fruits thereof or harness them to strategic aims.

This theme of development is carried further in a later chapter called "The Time-Table of Transformation". Included in this chapter is an estimate (based on U.N. data) of how the cutting of the military expenditure of the five great powers by two-thirds could make available for financing development in the underdeveloped countries a sum seventeen times greater than what is available to them today, while at the same time leaving a margin available for more capital formation or welfare expenditure in the developed countries. His conclusion is the striking one "that a reduction of military expenditure to one-third of its present value would provide not only all the funds necessary to industrialise all the underdeveloped countries of the world within ten to twenty years, but that there would also be plenty left for further improvements in the levels of production and the standard of living in the industrial countries."

Before this several intermediate chapters discuss the special problems of industrial countries standing on the threshold of automation, including Britain; the needs of education and research and "The Political Problems of a Divided World"; the latter being devoted to the contention that "the cold war, and the polarisation of military and political forces that it represents, remains the central danger and the greatest obstacle to progress: it must be brought to an end".

In a penultimate chapter before his Conclusion Professor Bernal allows himself a look into the future, and again displays that capacity for scientific *vision* in which he so excels. Here, among other things, he makes an eloquent plea, especially to intellectual workers, that should go to the hearts of many: "What we have lost, particularly in the old capitalist countries, and what really gives salt to life, is *purpose*. What purpose we conserve is for trivial or negative ends."

Viewed merely as a source-book of information this work of 300 pages is copiously endowed. It contains more than twenty tables, six diagrams or figures and two maps (in the first line of the first two columns of figures in Table IX on page 107 there is evidently a printer's error—443 should be 1,443). Not only all genuine Socialists but all those who sincerely want to see an end to the perilous and crippling cold war should feel grateful to Professor Bernal for a long time to come.

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Colonialism, the cold war and the *Political Quarterly*

Jack Cohen

THERE is much discussion about the role of the "Left" in the Labour movement these days. And rightly so. For the unification of all left forces—including the Communists—is the only hope for political advance in Britain.

A decisive and fundamental weakness of big sections of the left is that they share the anti-Communist and anti-Soviet views of the right and of the British ruling class in general. Thus the seal of "democratic socialism" is set on the cold war, and helps to perpetuate it. It likewise contributes to destroying the effectiveness of the left as an alternative force with an alternative policy to that of the right.

A notable example of this process in action is the special number (July-September, 1958) of the *Political Quarterly* devoted to "The Passing of Colonialism." On the editorial board of this journal there are people like G. D. H. Cole, Kingsley Martin, R. H. S. Crossman—all of whom are regarded as having a "leftish" orientation. They are flanked by a number of professors and university teachers—mostly from the London School of Economics—H. L. Beales, William A. Robson, H. R. G. Greaves, Barbara Wootton, along with people like Leonard Woolf and Lord Simon of Wythenshawe. While this group contains many theoreticians of right-wing reformism a number of the individuals in it have from time to time, and on particular issues, taken a progressive stand.

But the basic hostility of all these people to Communism and to the Soviet Union results in the special number of their journal becoming a mouthpiece for cold war propaganda and for the white-washing of British imperialism. For this is what the "special number" boils down to despite the array of so-called "experts", allegedly basing themselves on "facts" and on "impartial", "objective" analysis. Among these unbiased contributors are an ex-Intelligence officer of the British Government in Iraq and one-time counsellor to the British Embassy in Teheran, the Colonial correspondent of the *Observer*, a member of the *Daily Telegraph* editorial staff, a one-time Deputy Under-Secretary of State at the Colonial Office, etc., etc.

Needless to say no leading figure who has participated in the actual struggle to speed "the passing of colonialism" in particular countries contributes an article. The whole formula—the "passing of colonialism"—is treated as something which is proceeding inevitably, under its own steam, as a matter of deliberate policy by a new enlightened imperialism. The idea that colonialism still exists, that participation in the struggle to end it is a vital interest of the British people, is treated in no article at all. For a journal on whose editorial board there are so many "new thinkers", it seems strange that there is no mention whatsoever of the really new development in world imperialism—the rise and expansion of U.S. imperialism. All the interest and attention in this special number is directed towards so-called "Soviet imperialism".

Scattered throughout the various articles on India, Indonesia, Ghana, Africa, there are of course many useful facts. But they are of the kind familiar to readers of ambassadorial reports to the home government. These articles remind one most strongly of such reports for they are aimed at providing a guide to imperialist policy, and indicating how the British ruling class can and should adapt itself to the new, complicated developments in the colonies, especially in the light of the alleged "Soviet threat".

From the articles as a whole, however, it is possible to extract a number of questions of general theoretical and practical interest.

1. British Capitalism and the Empire

The leading article is entitled—"The Splendours and Miseries of Colonialism". It is necessary to deal at some length with this article for it contains the essence of right-wing views on the colonial question today. Before doing so, however, it is necessary to deal with its apologia for imperialism.

The British are supposed to have acquired the empire in a fit of absent-mindedness. The article does not repeat this naive idea. It advances a new and more subtle one. This is that the British empire was historically inevitable, the outcome of the operation of inexorable political and econo-

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mic forces outside the control of the British capitalist class. In effect, the British capitalists couldn't help acquiring the empire.

> "It was strong and deep currents of history, economic, political, cultural, which sent these imperialists, eager or reluctant to found their empires and colonies in Asia and Africa. . . . Nothing could have prevented what we call modern, nineteenth century Western civilisation having a profound, devastating effect on those who became the victims of it—the subject people of Asia and Africa" (p. 210).

This sounds like saying that it was all God's will. The dirty word "profit", the accumulation of which was the main concern of nineteenth century "Western civilisation" and the main reason for imperialist expansion in the twentieth century, is not mentioned. It was this "holy" aim which caused the needlessly devastating impact of British capitalism on the colonial peoples.

Why did British capitalism turn towards imperialist expansion *when it did*? Britain had colonies before modern capitalism developed—the West Indies, Ireland, India. At one time, sections of the British capitalist class regarded the colonies with a jaundiced eye as "thankless and unprofitable burdens". The article seeks to show that this fact makes nonsense of Marxist views on capitalism and imperialism. This is at best a piece of "learned" ignorance. At worst it is plain distortion.

Marxism and Imperialism

Marxists regard imperialism as a *stage* in the development of capitalism, with new and different features from those of the previous stage, notably the rise of monopoly as the decisive feature of economic life. The role played by colonies in the acquisition of profit is different in the period of monopoly capitalism—imperialism—from that in the pre-imperialist stage. During the period when Britain was "the workshop of the world" roughly (1850-80), when its rivals—Germany and the U.S.A.—still lagged behind, profit on a huge scale was made primarily by the production and sale of manufactured goods.

> "A trading community like early Victorian England which can still profitably employ all its capital in its mills and ships, becomes indifferent to the acquisition of territory and even tends to regard the colonies previously acquired as a useless encumbrance. *That was the normal state of mind of our commercial classes during the middle years of the last century*. They dealt in goods and in orders to sell good abroad it was not necessary either to colonise or to conquer" [my emphasis, J.C.] (H. N. Brailsford: *The War of Steel and Gold*, p. 64).

But by the 'eighties of the last century, by the end of the "Great Depression", Britain's world trade monopoly had been shattered by the great advance of German and American capitalism. "In order to sell goods abroad" now and especially in order to make the kind of profits it had grown accustomed to, it was necessary for British capitalism either to sink a great deal of money into modernising British industry, or to find ways and means of by-passing German and American competition, or to find easier ways of making profit than by competing with these two lusty rivals.

The huge accumulation of capital—the harvest of the golden years of Britain's trade monopoly—was therefore directed not primarily to investment in British industry, but was exported abroad especially to "undeveloped" countries where fat pickings and infinitely higher profits could be anticipated and were indeed realised. These earthy considerations, plus the hope of damping down the "social problem" at home—not some faceless, classless, inexorable "currents of history"—are behind the deliberate policy of empire building which began in the 'eighties. This process can be traced both in the actual expansion of the British empire in this period—3,700,000 square miles of new colonial territory were added to the British empire between 1884-1900—and the increase of investments abroad compared with investment at home. By 1903 annual investment abroad began to exceed investment at home and continued to do so right up to the First World War. In 1913 the annual amount invested abroad was about four times that invested at home—£149,735,000 compared with £35,951,000.

Now a new fateful decision faces British imperialism—how to tackle the rise of the national liberation movement in the conditions of today, where a powerful world socialist camp exists. This has compelled them to yield political independence to a number of former colonial peoples. That this was no act of an enlightened Labour Government is admitted by Colin Legum in his article on Ghana:

> "It is not in the nature of even the most liberal of colonial powers to surrender control over their dependencies until finally they are compelled to do so. Some, like France, submit only to force. Others, like Britain, submit only when the disbalance of power between the colonial government and the indigenous nationalist movement becomes so great that they cannot maintain their rule without the use of *too much* force" (p. 269).

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The writers advance ideas as to how to come to terms with this movement. They urge the British ruling class not to be too frightened of it but to seek to absorb it within the framework of "Western ideas and institutions" and to take advantage of the economic difficulties of the newly liberated countries.

> ". . . *intelligent and radical minded colonial* rulers . . . are able to canalise and direct the energies of a nationalist movement; because these movements are based primarily on Western ideas, they are capable of carrying on where colonialism lays off in promoting the growth of Western ideas and institutions." (Colin Legum, p. 276.)

2. The "Splendours" of British Imperialism

This brings me to an idea which is repeated again and again throughout this special number and is aimed at putting a gloss on imperialism. This idea is that imperialism provided the national liberation movement with its ideas—Western ideas —"the great ideals of liberty, equality and fraternity to be applied from end to end in a dynamic society". It is these ideals which provide the *national liberation movement with its dynamic* and with its aims. "The splendour of imperialism consists in this fact—that it taught the subject peoples the principles which inspire the revolt against it and the passing of imperialism." (Leading article.)

Thus the national liberation movement is really the creation of the imperialists for without them the colonial peoples presumably would never have thought of the watchwords of liberty, equality, fraternity etc. for themselves.

With typical bourgeois arrogance the leader-writers seek to mark the beginning and the end of all things from the rise of capitalism and the unfulfilled slogans of the bourgeois revolutions. The struggle for liberty, equality and fraternity is a product of class society which began long before capitalism. No bourgeois revolution, no capitalist country, has been able to realise the ideals of "liberty, equality and fraternity to be applied from end to end in a dynamic society", as the leader-writers are compelled to admit a little later: "Of course these ideals have been betrayed again and again". None applied these great slogans to their working class, their colonies or to their black slaves.

The colonial peoples take their inspiration from the age-long struggle against oppression which began with the rise of class society. Their allies today are the working class of the imperialist countries. Their joint victory alone can realise these slogans "from end to end in a dynamic society". And it is this conjuncture of the struggle for national liberation with the struggle for socialism—the key feature of the class struggle in the epoch of imperialism—which worries and baffles the writers of these articles.

3. The Soviet Union and National Liberation

It is now necessary to turn to another of the main ideas which recurs throughout the whole of this special number. It is that the national liberation movement is threatened from two sides —from the diehard imperialists and from the Soviet Union and the Communists.

> "The possibility of the passage from colonialism to independence being successfully completed in Asia and Africa without the misery of violence, cruelty and subjection, is threatened by extremists of two kinds. On the one side are the old imperialists . . . the other menace comes from Russia and the Communists" (p. 214).

To give some substance to this statement the writers have to "prove" that the Soviet Union is an imperialist power. To do this job Lt.-Col. Geoffrey Wheeler, Director of the Central Asian Research Centre since 1953, who was engaged in "intelligence duties in Iraq from 1928-31" is brought in with an article on "Colonialism in the U.S.S.R." This aims to prove that the peoples of the former Tsarist empire continue to live in a position of colonial subjugation to the U.S.S.R. Wheeler speaks of

> "the essentially colonial character of the Eastern Republics . . . the system of administration is on the standard Soviet model, bearing no trace of local tradition. The real rulers of each Republic are the Communist Party which is geared to Moscow . . . the First Secretary of each Republican Party being non-native, usually a Russian . . . the peoples of the Republic have played no part in shaping their own economy . . . they have no national armies . . . finally, and perhaps most important, there is the systematic campaign against established tradition in religion, language and the arts. The regimentation exercised in the matter of the arts has been particularly marked . . . national languages have a large Russian loan vocabulary grafted on to them; and higher education and professional advancement is impossible without a thorough knowledge of Russian . . . the uprooting of the Crimean Tatar, Kalmyk and Chechen peoples towards the end of the last war" etc., etc. (p. 220).

The cardinal question of what constitutes an "essentially colonial economy" will be dealt with later. A careful reading of the above quotation shows that the author contradicts himself and

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gives himself the lie. "The system of the administration is on the standard Soviet model, bearing no trace of local tradition" according to Colonel Wheeler. "The standard Soviet model"—the same for all the fifteen Union Republics—is the Soviets —local, regional, all-Union and the Soviet of Nationalities. The Soviets express in state and administrative form the power of the working people—the workers and peasants. The Soviets in the former colonial areas of the tsarist empire express the power of the working people in these areas today.

The Soviets were not imposed from outside on the peoples of the various republics. They arose in the course of the great October Revolution on the territory of all the Republics—in Estonia and Latvia, in Baku, in Trans-Caucasia, in Central Asia, in Turkestan, Kazakhstan and in many other former colonial areas. Thus from the beginning the Soviets in these areas had a well marked local character. The "local traditions" they overthrew were the traditions of the rule of the beys and the mullahs, of the servitude of women, of semi-feudal oppression.

"The real rulers of each Republic are the Communist Party." Even assuming that this were true—which it is not—who comprises the majority of the membership of the Communist Party in Kazakhstan, Uzbekistan etc.? Kazakhs and Uzbeks or Russians? Colonel Wheeler cannot have it both ways. Furthermore, if he will consult the *Statesman's Year Book* 1958, he will find listed the names of the Secretaries of each of the Union Communist Parties. In the overwhelming majority of cases they are not Russians but citizens of the Republic concerned.

"The peoples of the Republics have played no part in shaping their own economies . . . they have no national armies."

How British, German and American imperialism would have loved it if each of the fifteen Republics were separate units "with their own economies and national armies". Their subjugation at the hands of imperialism would have been swift and complete. The entry of the Republics into union with one another in the U.S.S.R., and, above all their entry into union with the Russian Soviet Republic (R.S.F.S.R.) has been the guarantee not only of the maintenance of their national independence, but of their amazing economic development, made possible only *on the basis of socialism.*

Independence—True and False

After the October Revolution of 1917 the nations of the former Tsarist empire were given the right to join the Socialist State or secede. This is in line with basic Communist principles on the national question. Under the pressure of the local capitalists, assisted by German military forces (left intact there by Britain and France for this purpose after the First World War) Finland, Latvia, Lithuania, Estonia and Poland opted for secession and became independent states with their "own economies and national armies". Their history between the two wars as countries dominated by fascism and reaction and subordinated to Nazi Germany is eloquent testimony as to what would have happened in the other former Tsarist colonial areas had they not been associated together in the U.S.S.R.

The all-Union economic plans are based on planning the development of the resources of the Soviet Union *as a whole* and especially on bringing the economy of the former colonial areas up to modern industrial levels. The plans are not imposed arbitrarily from "on high" but at all times have been discussed, amended, altered as a result of criticism by trade unions, factory committees and the peoples of the various areas of the Soviet Union. As a result of the development of the economy and the new tasks which have been laid down, decisions have recently been taken to transfer responsibility for a great deal more economic planning to each of the Republics.

The charge about the suppression of national languages and of the arts is derisory. One need only to look through copies of *Pravda* for a couple of months to see pictures and articles by the score devoted to dance ensembles, dramatic companies, the literature and poetry of the various peoples of the U.S.S.R. and showing how the arts and culture of the peoples of the various Republics are prized and fostered. Education in each of the Republics is in the national language. Russian is regarded as a second language and a large "loan vocabulary" of Russian words has naturally developed since the greatest technical advances have been made by the Russian people and the transmission of technological "know how" has had this result.

To give the impression that Russian as a language is being imposed on the peoples of the Republic is sheer cold war propaganda. Each of the Republics has its own "Academy of Science", its own universities and institutes of higher education based on the national language. Certainly if economists, scientists, historians, etc., wish to expand their knowledge they have to learn Russian. A similar situation faces our own scientists and has been the subject of much correspondence in *The Times* and the *Manchester Guardian*. As the study of Russian develops in this country for scientific and other purposes, we

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too can look forward to acquiring a "loan vocabulary" of Russian words.

As for the Chechens, Kalmyks etc., grave crimes were admittedly perpetrated against them under the stress of war and in the period of "the cult of personality" of Stalin. As in the case of other violations of socialist legality, they have not only been admitted but steps taken to right the wrongs.

> "In the process of eliminating the consequences of the cult of the individual, a number of measures have been taken in our country . . . among these measures, specifically, is the restoration of the national statehood of the Chechens and Ingushes, Balkars and Kalmyks." (B. Gafurov, *Kommunist,* No. 11. August, 1958.)

If the Soviet Government were so keen on "Russification" it would not have spent much time and a great deal of money in providing written languages of their own for a whole series of peoples in the U.S.S.R. who were at such a low level that they had none.

All this is not, of course, to suggest that there are no problems, difficulties or shortcomings. There are. But "colonialism" inside the Soviet Union is not one of them.

4. The Character of a Colonial Economy

A colonial economy is one geared and subordinated to the interests of the more highly developed imperialist economy of the "mother" country. It is an economy marked by the virtual absence of modern industrial development, by a consequent low national income *per capita,* by the distortion of economic activity by concentration on one or two spheres—mainly raw materials, rubber, tin, copper, oil and agricultural products, cocoa, coffee, rice etc.

The colonies therefore act as sources of cheap raw materials, as markets for manufactured goods from the "mother country", and as spheres for the investment of capital. But this capital is not invested in basic production, in establishing heavy industry. The imperialists do not want to create rival concerns to their own. What they do establish is not a new capitalist class but a class of traders, importers, agents, "compradores" who act on their behalf. The concerns owning and controlling the production of copper, tin, rubber, coffee etc. are mainly foreign owned. The profits they make therefore flow out of the colonies back to the "mother country" in dividends, pensions, interest, etc. Thus the surplus produced is not used for accumulation, for the development of the economy or for further industrialisation. This is the cause of the abysmal poverty characteristic of all colonial territories, for the national income can only be increased if there is investment in productive enterprises. The whole system of imperialist domination prevents this.

The actual result is the creation of a fantastic chasm between the national income of the people of colonial and those of developed industrial countries.

	World Income per cent	*World Population per cent*	*Income per capita* (in dollars)
High income countries	67	18	915
Middle income countries	18	15	310
Low income countries	15	67	54

(Quoted by Paul Baran, *The Political Economy of Growth,* p. 136.)

Thus the majority of people of the world (67 per cent) have to exist on 15 per cent of world income. This is one of the real "splendours" of imperialism.

What has in fact happened is that the economic development of the colonial countries has been artificially frozen, their independent development towards industrialisation and modern industrial capitalism has been hindered. They have been kept artificially at the level of merchant capitalism.

> "The principal impact of foreign enterprise on the development of underdeveloped countries lies in hardening and strengthening the sway of merchant capitalism in slowing down and indeed preventing its transformation into industrial capitalism." (Baran, *op. cit.* p. 198.)

If we take this yardstick we can see how preposterous is Wheeler's assertion about "the essentially colonial character of the eastern Republics" of the U.S.S.R. The Soviet Union *as a whole* has been transformed into a highly industrialised country, not on the basis of capitalism but of socialism. Investment in heavy industry has been particularly marked in the former Tsarist colonial areas in order to secure a balanced industrial development throughout the country as a whole.

> "The emphasis placed on a more rapid development of the Eastern territories is reflected in the allocation of one-half of total investment to them. While total investment during 1956-60 is to be two-thirds higher than in 1951-55, investment in Western Siberia is to increase 2.5 times, in Eastern Siberia 2.8 times and in Kazakhstan 2.8 times." (*World Economic Survey,* 1955, U.N.O., p. 199.)
>
> "The increases projected for industrial production, agriculture and other sectors of the economy involve a 60 per cent growth in the national income from 1955-60." . . . "Planned increases in real wages and in real peasant income including both money and income in

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> kind seem to indicate that total personal income and consumption are expected to rise by about 50 per cent by 1960. Real wages and salaries are to increase in the next five years by about 30 per cent which, together with a growth of 15 per cent in total employment, implies an advance in the total real wages bill of about 50 per cent. Average peasant incomes are to increase about 40 per cent in real terms. Since the number of peasants is likely to increase by more than 5 per cent, the general order of increase in peasant incomes will also be about 50 per cent" (*op. cit.* pp. 198-199.)

These facts are some of the "splendours" of socialism and should dispose for all time of the legend of colonial economy in the U.S.S.R.

5. Economic Aid

One of the articles—that by A. Bonné, on "Aid to Undeveloped Countries"—declares that ". . . the political independence of a country remains a fragile achievement if it is not rapidly fortified by a realisation of its economic potential" (p. 289), that what the newly liberated countries need are "capital, management, technological knowledge and original drives for expansion" (p. 295).

Where are these countries to get them from? The author lists a whole series of agencies, mainly under U.S. control, which are allegedly helping to supply this aid—the World Bank, International Finance Corporation, the U.S. Import-Export Bank, Development Loan Fund, etc. To these should be added British Government agencies. What are the facts?*

The Bank of England annual report (1956) gives a figure of £2,128 million of British capital invested abroad in 1954, of which £1,178 million was in the Commonwealth. In the colonies a total of £317 million was invested (both Government and private). The bulk of these investments are in the more highly industrialised countries—the Dominions, not in the colonies or other undeveloped countries.

There have been, and are, various bodies established by the British Government for "colonial development". In the ten years 1946-56, total grants by the British Government reached £150 million, or £15 million a year. Even so, of this sum (which works out at 4s. per head per annum) only £545,202 in grants and loans was spent on industrial development. A Colonial Development Corporation was set up in 1948 with powers to borrow £100 million. By the end of 1955 loans extended to the colonies amounted to nearly £55 million, but these went mainly to British overseas firms at rates of interest varying from 2 per cent to 3¾ per cent. The proportion of Government loans for factories was only 7 per cent.

The inglorious story of the Colombo Plan is well known. Actual amounts spent fell far short of the original budgets. A number of big economic projects have been financed but these are mainly in agriculture and these have not altered the economic pattern of the "underdeveloped countries". As far as U.S. "foreign aid" is concerned, during the ten years 1946-55 Europe received 70 per cent of the gigantic total of over $51 billion, while Asia, Africa and the Near East and Latin America between them got the remaining 30 per cent. Much of this is in the form of "military aid" and of no significance for genuine economic development. Of the total U.S. foreign aid programme for 1955-6, nearly 80 per cent was for military aid and less than 5 per cent was for development assistance. In 1956-7 this figure went up to 7 per cent.

The United Nations has discussed economic development in underdeveloped countries again and again. An "expert's" report appeared in May 1951 entitled *Measures for the Economic Development of Underdeveloped Countries.* It proposed that the industrially advanced countries should contribute a total of $10,000 million a year calculated to raise living standards in the underdeveloped countries by 2 per cent per annum. Since then the target has been reduced to a sum ranging between $150 million and $200 million a year for a trial period of five years. This is to be spent mainly on roads, power stations, schools, hospitals—all good things in themselves but not likely to assist the economic transformation of these countries. In any case the fund has not been launched.

The World Bank—primarily an American concern—has lending powers of $10 billion. Loans have to be repaid in hard currency, usually at interest rates of 5 to 6 per cent. Characteristic of the aim of its loans is the following:

> "Excessive emphasis on industry for industry's sake, above all, heavy industry, may leave an underdeveloped country with the symbol of development rather than the substance . . . in general, capital should be applied where it brings the greatest return." (World Bank special report, 1955.)

Soviet Aid and Trade

All this must be contrasted with Soviet trade and aid to the underdeveloped countries. Bonné speaks of the "efforts of the Soviet Government

* For further details see Idris Cox: "New Factors in the Struggle against Imperialism" (*Marxism Today*, January, 1958).

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to enter the arena of international financial help *high priority* development projects in underdeveloped countries" (p. 300) [my emphasis—J.C.].

The trade of the socialist countries, especially between the Soviet Union and the underdeveloped countries, is advancing by leaps and bounds. This is a most fruitful source for the acquisition of manufactured goods. Loans at low interest rates (generally around about 2 per cent) are likewise advanced for the purchase of capital goods for financing power projects, etc. All these loans are without military or political strings as, for example, the loan of 400 million roubles to the United Arab Republic for the building of the Aswan Dam and similar recent loans to other countries. A *Financial Times* article over two years ago—October, 1956—put the extent of Soviet loans in the region of £1,000 million, over half of which is scheduled for India, Indonesia and Afghanistan.

It is on the basis of such aid that the underdeveloped countries will develop with tremendous rapidity. Many of the contributors shake their heads dolefully at the great urge for rapid industrialisation manifested by the peoples in these areas and declare that it will take a long time. Says Bonné, ". . . there can be no doubt that in popular belief the potential improvement exceeds by far the measure of growth which the economist, even on optimistic assumptions, would regard as possible."

What is "possible"—given the complete defeat of imperialism, the unleashing of the tremendous creative capacity of ordinary workers and peasants plus the aid of the Soviet Union—is shown in the case of China. Barely ten years have elapsed since the establishment of the People's Republic. It was faced with the tremendous problems arising from the effects of nearly thirty years of war and civil war on a backward colonial country.

On November 3rd, 1958, *The Times* headed an article: "Chinese Economy in Seven-League Boots." The article listed a 90 per cent increase in agricultural production in 1958 as compared with 1957, of 70 million acres added to the area irrigated, in 1958 alone, "surely without precedent in agricultural history", of "another enormous increase in [agricultural] production planned for 1959". It speaks of the coal output which "rose from 63 million tons in 1952 to 130 million in 1957" and which "will apparently rise to 210 million in 1958". The plan for 1959 is 350 million tons. A similar advance is planned with regard to steel. The article concludes: "Even to those used to Soviet economic publicity, the Chinese figures look almost incredible. Nonetheless, on the available evidence, there is really *a rate of growth unexampled in economic history,* which it is dangerous to underestimate or neglect" (my emphasis, J. C.).

Perhaps all these facts explain the strange phenomenon which puzzles, saddens and frightens the writers of the special number. They write: "It is extraordinary that such ruthless imperialists as the Communists of Russia should have been accepted as champions of freedom by so many victims of imperialism" (p. 214). Perhaps one who shares their views will help to explain this "paradox". Walter Lippmann, writing in the *Manchester Guardian,* November 13th, 1958, on "Meeting the Soviet Challenge in Asia and Africa", says:

> "We delude ourselves if we do not realise that the main power of the Communist states lies not in their clandestine activity but in the force of their example, in the visible demonstration of what the Soviet Union has achieved in forty years, of what Red China has achieved in about ten years . . . the Communists are expanding in Asia because they are demonstrating a way, at present the only obviously effective way, of raising quickly the power and the standard of living of a backward people."

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Some aspects of the housing question

H. Fagan

FOR more than half a century various governments, Labour, Liberal and Tory, have tried to solve the housing problem, yet housing remains as one of the most urgent of the social problems of our day.

Although the Tories claim that they have solved it, the claim is false. The housing problem, under the Tories, has been solved, but only for those with enough money to buy, or occupy at a very high rental, a house or flat. That is nothing new. Indeed for such people there never has been a housing problem.

Since the problem is so pressing and the attempts of so many different governments have failed, a question arises: Why is this so? The answer is simple: The capitalist class is only concerned with housing in so far as it yields rent, interest, and profit. Under capitalism a house is a commodity which also needs a certain amount of financial reserve to maintain it in good condition. The cost of building sites, materials and labour, the need for a reserve for repairs and decorations, plus a good yield on the capital invested, directs the flow of capital to the building of dwellings for people with higher incomes. Since houses are commodities, it is necessary not to saturate the property market. A perpetual shortage of houses is needed in order to keep up prices and rents and to maintain the value of speculation in properties. The building of good houses at low rents for letting to the working class is therefore unattractive to capital. It does not yield the greater profits which the building of houses for the higher income groups brings in, as Engels pointed out in *The Housing Question* some time ago.

There was a time, however, when speculators did build dwellings for the working class. In the early nineteenth century, working class houses were built by speculators or factory owners as a profitable enterprise. Huge profits were made between 1820 and 1870 by throwing up slum tenements and terraces for the new factory workers who were streaming into the rapidly expanding industrial towns:

> "An individual who may have a couple of thousand pounds, does not exactly know what to do with it, having no occasion for it in trade; he wishes to lay it out so as to pay him the best percentage in money; he will purchase a plot of ground, an acre or half an acre, then what he thinks about is, to place as many houses on this acre of ground as he possibly can, without reference to drainage or anything, except that which will pay him a good percentage for his money . . ."

—wrote the Hammonds in *The Bleak Age*; and the result was the building of indescribable slums, especially in industrial towns like Bradford and Manchester.

But a house is not only a commodity. It is also the basic unit of a stable society; a home where families are raised and nurtured. It is a place where human needs and wants have to be provided for, the most elementary being water, sanitation and sewerage. If the vast majority of the population in the towns and cities are deprived of this and are forced to dwell under conditions in which the ruling class would not house their horses and dogs, or perhaps their servants, then that population, merely by remaining passive and rotting, will take its revenge upon society. Not only will grave moral problems emerge—the growth of prostitution, crime etc.—but sickness and epidemics engendered in the filth of the slum will begin to attack the slum dweller and spread abroad. Diseases cannot be confined within the slum boundaries.

The Danger of Epidemics

It was that extraordinary civil servant Edwin Chadwick who first drew attention to the connection between the epidemics and the terrible sanitary conditions which existed in the slums.

The very high rate of disease and sickness amongst the pauper poor resulted in a growing burden on the rates. It was this which first drew Chadwick's attention to the problem and, after a close investigation, he published his views in 1842 in his *Report on the Sanitary Conditions of the Labouring Population of Great Britain.* Whilst its findings were unquestioned, part of the solution aroused resistance. He called for the expenditure of a certain amount of money in order to provide better sanitary conditions. Only when this was done would the sickness rate fall with a consequent decline in rate expenditure. The Report was ignored, despite a campaign run by *The Times* for its implementation.

> "The rates paid by the rich", wrote *The Times*, "are regulated by the sickness to which they

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abandon the poor. Twenty pounds expended in the sewerage of a blind alley would save £50 to be otherwise raised" (i.e., through the rates).

The rich remained unmoved. It is true that when a cholera or smallpox epidemic swept through the cities there was some weakening in their opposition, but they remained adamant.

But whilst the threat to health brought little reaction, the threat to property and capital raised a healthy fear. The growth of Chartism and trade unionism; the growing burden of the rates; the recurring epidemics and the appalling loss of man-hours in the factories due to sickness and disease; the growing social and moral problems; the vague stirrings of social conscience amongst a small minority of the ruling class—all these began to force the hands of the government. The state began to take very limited action to try to lessen some of the more dangerous aspects of the housing question.

The approach was by way of Chadwick's suggestions, but with modifications. If the threat to the health of the community was directly traceable to the slums and their occupants, why spend good money to provide main drainage etc.? Why not remove the sources of infection? Why not pull down the slums and scatter the population?

First Government Measures

The first government measures, the Nuisances Removal Act, 1858, and a later one, were as a consequence purely destructive. Powers were given to local authorities to demolish the slums, but they were given no authority either to find or to build alternative accommodation for the evicted slum dwellers. As a consequence, no sooner was an old slum destroyed than a new one appeared almost overnight on the outskirts of the city or round the factory areas.

Frederick Engels, commenting on the legislation, wrote:

> "The breeding places of disease, the infamous holes and cellars in which the capitalist mode of production confines our workers night after night are not abolished; they are merely *shifted elsewhere*. The same economic necessity which produces them in the first place produces them in the next place also."

Round about 1875, growing pressure forced legislation to improve housing standards in order to prevent the grosser outrages of the slum builder and speculator. As a consequence, the provision even of slum houses began to fall. A worse housing shortage followed. The better standards demanded by government legislation sent up the cost of sites and building. And up went the rent to maintain the profits, so that in a short space of time rent had climbed beyond the levels which the poorer workers could afford. Private enterprise abandoned the task of "housing" the working class, since legislation had taken the profit out of it.

The government and Royalty turned to charity. They encouraged the private pseudo-philanthropic bodies and individuals like Waterlow, Guinness, Peabody etc. who, under the banner of "philanthropy and 5 per cent", began to build for the working class those grim tenements still to be seen in East and South London. But the lower paid amongst the working class could not afford to pay even those semi-subsidised rents and the venture fell through, the dwellings being occupied by the higher paid artisan.

Local Authority Housing

Finally, much against its will, pushed and harried by the Labour movement and social reformers, and in the teeth of the opposition of the Lords, the landlords, property speculators and similar interests, the government surrendered. Local authorities were given permissive powers to build a limited number of houses, purely for the purpose of rehousing the slum dwellers made homeless by slum clearance schemes, and with powers to defray the expenses of building out of the rates.

> "The housing problem was the slum problem, the problem of people living in insanitary conditions. The official housing policy, as far as one existed, was limited to making it legally possible for the local sanitary authorities to deal with the slums at their own expense if they liked. The object was primarily to prevent or destroy insanitary housing conditions rather than to create good conditions. The actual provision of houses by local authorities remained a step taken only in the last resort" (M. Bowley, *Housing and the State*).

But it was more than that. It meant that the state now recognised that private enterprise, capitalism, would not, and indeed could not, solve the housing problem if it meant the provision of good, well-built dwellings at low rents. It was the intervention of the working class in 1915 which finally settled the question. The Glasgow workers forced the passing of the Rent and Mortgage Restriction Act in the same year, and with that the seal was set. It was now admitted that working class housing was not a matter for private enterprise and speculation but one for the highest councils of the state. Housing became a political question—political dynamite—and Lloyd George, a demagogue of genius, swiftly recognised it. His post-war election slogan, "Homes Fit for Heroes", revealed his awareness of the fact that the working class was no longer prepared to be forced back into the animal existence of the slums. In 1919, the state began to lend capital to local authorities (at a high rate of interest) and to grant subsidies

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to keep down the rents of the new houses they were empowered to build. It was an attempt to placate and to bribe the masses who were now moving to the Left at a swift pace, abandoning the old political parties. The local authorities became the main providers of housing for the lower-paid workers. In this field, the state had replaced private enterprise.

The Situation Today

The introductory section showed how the ruling class had approached the housing question, how it had attempted to solve this social problem by treating it as a problem of hygiene which could be solved by pulling down the slums and by the limited rehousing of the dispossessed slum dweller. The power of the Labour movement forced a radical change in this approach, so much so that from 1945 to 1951 local authorities had built not only almost all working class dwellings but also, for a period, nearly all the flats for middle-class tenants in the higher income groups.

Since 1951, however, a change has taken place. The Tories, for reasons which are very well known, have reverted to the nineteenth-century approach to working class housing. Today they are limiting local government house-building to slum clearance schemes and to the building of "satellite" areas into which the "overspill" from the cities can be "decanted". This elegant expression applies to the thousands of families who are the "surplus" population on the councils' housing lists and amongst the most tragic of the post-war population, who have been unable to attract any of the pity the bourgeoisie lavish so extensively on Hungarian "refugees".

Not since the latter part of the nineteenth century has there been such an attack on the provision of good houses for the working class at low rents. Yet the need is as urgent as ever, despite all the good work by local authorities. The 1951 census gave a clear picture of the housing situation in Britain. Whilst it is true that many thousands more dwellings have been built since 1951, the rapid wastage of old houses, the increased birth-rate, and the growing number of early marriages have cancelled out much of the advances made since then. In 1951 there were 14.5 million households in Great Britain but only 13.3 million dwellings. The figures showed an absolute shortage of 2 million dwellings, if every family who wanted it was to have a separate dwelling.

More than 4 million of the total number of dwellings were over seventy-five years old, whilst nearly 7 million families had no fixed bath of their own. Three million shared, or were entirely without, a w.c.

Much has been done, particularly by such local authorities as the London County Council and the Birmingham and Glasgow city councils. Nevertheless, the general overall picture, which every political party knows, is that there is a large section of the community living in impossible conditions and that there is an overall need for approximately 6 million new dwellings before every family can be properly housed in a separate dwelling.

Tory Arguments

Why do the Tories maintain that there is no housing problem? They claim that over 2 million dwellings have been built since the war. Any shortage, therefore, is artificial, caused by state interference in the laws of supply and demand and by heavy state and local government housing subsidies. This interference, they allege, has brought housing to a position where the rent paid is so uneconomic that private landlords cannot afford to repair and decorate the houses, and have lost the incentive to build new ones, and where local authorities must either be subsidised at a still higher level or rates forced up to unheard-of heights if rents are to remain at a low level for present and future dwellings.

A free market, the Tories maintain, must therefore be created for housing in which rent will be allowed to find its proper economic level through the laws of supply and demand. In a free market, the prospective tenant will meet the landlord face to face without the high protective fence of the Rent Restriction Acts and subsidies standing between them. This will force the lower-paid workers out of the good houses which they now occupy by virtue of subsidised rent and to which they have no right, and it will make those who remain pay a higher proportion of their wages to the landlords and landowners in rent, thereby restoring initiative to the landlord and removing a burden from the rates. In this way many houses will again be made available for those who can afford to pay the high economic rent, or purchase the house. Housing is again to be rationed by the purse.

> "In these days of family allowances", says the Tory pamphlet *The Problem of the Rates*, "the number of families which genuinely cannot afford to pay an economic rent for their council houses is probably not large. Can a situation any longer be justified wherein people who run television sets . . . are having part of their rent paid for by others. . . .? Indeed the stage has been reached when the question is being asked, 'How far should a man's neighbours be expected to pay for his housing?' "

It is back to the nineteenth century.

But if workers are to be evicted (and the 1957

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Rent Act ensures that they will be in ever increasing numbers as the rent, now unrestricted for millions, climbs steadily upward and the Rent Restriction Acts are steadily rendered ineffective), where can they go? The answer is either back to the slum areas, and hence the limited subsidised slum clearance schemes, or else to other areas, and hence the subsidies for the "importing" authorities and the anxious prodding of urban and rural authorities by the government to find places where the overcrowded cities can "decant their overspill". (The new proposals for housing loans of up to 100 per cent do not affect the basic situation at all. Those buying the older slum houses which are a drag on the market will be faced with the highest repair costs. It is precisely the old houses which need the most repairs and modernisation. Since 7 million workers earn £9 per week and less and the rest earn on average £12 per week, how many will be able to afford the mortgage payments, heavy repair costs plus insurance, tax etc. and still be able to eat?)

It is not easy to provide for the evicted. Not only are the county authorities unwilling to shoulder a burden for which they are totally unprepared, even from the hygienic point of view, but the slum clearance schemes create new problems. At today's costs (i.e., rate of interest on housing loans, high rate of profit demanded etc.) slum clearance is not cheap, and rents as a consequence still remain high. Then there is the cost of building sites, especially in industrial areas. The landowners hold the community to ransom, wherever a local authority wants to start a slum clearance scheme or a scheme for general house building.

Land values have reached fantastic heights, and even this has not satisfied the greedy landowners as the recent Tory legislation has shown. In Birmingham, for example, the city council was forced to pay £22,500 for 39 square yards of land in the High Street. In most of the inner areas of big cities £40,000 per acre is common for derelict land. Removing a decrepit factory from a housing area can cost several times as much as the new housing itself. Landowners who are refused planning permission to "develop" their land demand to be compensated at these inflated values. That is why the resolution demanding "fair" compensation at current values was passed with acclaim at the Tory conference, and the new Bill now makes this possible.

And the Tory landowner, working through the back-bench property lobby, has won. The new Town and Country Planning Bill is a sell-out which will cripple effective town planning. By this Bill local authorities will have to pay the same price for building sites as a private building speculator. They will pay the monopoly value for the site, which has been inflated precisely because the local authority has taken a decision that the land is to be so developed. What this will mean to a local authority can be seen by prices paid even before the Bill becomes law.

In Bethnal Green, a bad slum area, the local authority had to pay £36,000 per acre. In Southwark it was £21,000, and in Bermondsey the price per acre was £16,000. Poplar had to pay £18,000 per acre for a housing site. In the new town of Crawley, the land in the town centre, which cost £150 per acre when the town was built, is now worth £25,000 per acre.

The Cardiff City Education Committee purchased 20 acres for a school at a cost of £16,000. The land was derelict and its value had been created by the city council itself. Every penny it had spent out of the rates on municipal services such as roads, lighting, drainage, sewerage, water supplies etc. had added to the value of the land for which the landlord now extorted from the same community the sum of £16,000.

It will now have become obvious that housing presents an almost insoluble problem under capitalism. The Tories have only worsened the problem.

But what of the Labour Party? Its recent statement that it will municipalise rented dwellings is not only a progressive policy statement. It is also a confession *that as things stand today they too can see no way out of the housing problem except by taking over the older properties and by increasing rent.* Housing which was to have been tackled as a military operation can only be seen today as a long-term operation, almost as long-term as Labour's pension scheme. *In short, the concept of the growing Welfare State lies in ruins,* and the gears have been set in reverse. But what is our answer to this? Can any attempt be made to solve the housing problem under capitalism? We believe that it can.

Engels points out in *The Housing Question* that there are many laws on social reforms which the government will only carry out if *compelled* to do so. "The law in question, like many others in England, has only one importance, that in the hands of a government dominated by, or under the pressure of, the workers, a government which would at last really administer it, it would be a powerful weapon for making a breach in the existing social state of things." With this in mind, what policy do we propose as the first steps in this direction?

Our Policy

The slum clearance programme cannot be separated from the general housing problem. Therefore we should do our utmost to force the

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Government to *reduce the rate of interest to 2 per cent*; to *increase subsidies* and reinstate them for all council housing at 1946 values. Despite all pressure we should maintain our demand of *no increase in rents in existing dwellings*, and that the Government should repeal the 1957 Rent Act as well as extend the Rent Restriction Acts to cover all council tenants. We should see to it that there is *no reduction in the rates subsidy* and this must be coupled with relieving the burden on local rates by ending the derating of industry and by the reduction of interest rates.

It is now clearer than ever how vested interests in land and property are holding up slum clearance and rehousing. Our demand that *the Government make available land required for development free of cost to local authorities* should be brought home by exposing the present methods of land acquisition, the real meaning of the new Town and Country Planning Bill, the high costs, and the delays involved; and the names of large landowners should be made known etc.

Furthermore slum clearances and redevelopment inevitably mean that many small shopkeepers and small industries will be displaced. These people should be won as allies and not, as so often happens, forced out of business and ruined by the replanning, whilst the large undertakings do well out of compensation. This makes the small shopkeeper and business man an easy prey for Tory anti-planning propaganda. Small shopkeepers should have the offer of a shop for a rental for the first year equal to their present rent, rising over a period of five years to the new rent. Flatted factories for renting as small workshops should be extended and those forced out of the planning zones allowed first opportunity and choice.

At present the only official answer for the relief of congestion in the slum areas is decentralisation to expanded satellite towns ("decanting the overspill"). We must agitate that new housing *is built in the more favoured part of the cities now reserved for the well-to-do and the private builder* and in the underbuilt wealthy suburban districts which surround most cities.

The situation in building should be exposed. The Government's housing and planning measures are, in effect, discrimination against local authority building while leaving private housebuilding and inessential building untouched. This overloading results not only in rising costs and profits in the industry but also in delays in constructing houses. Therefore private house building and luxury building should be controlled in the interests of the local government housing programme, and the number of council houses increased to 400,000 a year with no increase in speculative building.

To House the People and Clear the Slums

How then can we deal with the very real questions so often put: "Is it possible to clear the slums and meet the waiting lists at the same time?" "If we keep the green belts and parks and stop the sprawl of the cities, can we find enough building sites to give every family a decent home?"

As already shown, the apparent shortage and the high cost of sites has become so acute that families in many congested areas are being told that there is no hope of rehousing them locally.

For several reasons, the paper plans for the solution of this "overspill" problem are not working. Local authorities neither own nor control industry, which must move out to new or expanded towns together with the workers if decentralisation is to be effective. Although official planning policy is to move industry away from London, industry on the whole ignores this. Whilst the Conservative Government is opposed to the commencement of any other new towns, they want to hand the existing new towns over to a new agency, making it easier to hand them over to private enterprise for exploitation.

A position has been reached, or will soon be reached in London, Birmingham, Manchester and other great cities, in which the housing problem is physically impossible to solve unless some radically new policies are adopted. There are allegedly no more sites within these cities, and no realistic plans exist to move the "overspill" population and industry elsewhere.

But is it true that there are no available sites? It is not at all true. The figures of "overspill" are all calculated on the assumption that very large areas in and around every city should be preserved for the rich or the well-to-do. While it is considered correct in these cities to concentrate people in the working class areas at more than 130 people to the acre, certain areas preserved for the rich may not be developed at more than 70, 50, 30 or even 16 people to the acre.

For example, the County of London Development Plan divides its residential densities into zones ranging from 200 people per residential acre in the centre to 70 in the outer zones. The Tory Minister of Housing reduced the maximum permitted densities in Hampstead, Highgate, Dulwich and other select areas to 50 or even to 30 people to the acre, so as to "preserve their special character". This is intended to prevent the London County Council from building blocks of flats for the working class near such pleasant places as Hampstead Heath. Tory policy is to keep the workers in the working class areas, down among the gasworks, power plants, docks, canals, railway stations, loco sheds and factories, and to keep

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them out of the most healthy and beautiful areas with grass, trees and clean air.

The same is true, in varying degrees, of nearly every city. And one result that follows from the decision to zone select areas at a low residential density is that the number of people for whom no homes can be found is grossly exaggerated. It may even be found, in some cases, that there is no "overspill" at all if class privilege in the use of land is done away with.

New Plans Needed

It is not sufficient to expose only the vested interests which hold up planning and to press local authorities to carry out their own development plans. While such plans contain many improvements, they should be revised in a fundamental way. Many development plans were drawn up at the height of the cold war, when the Labour Government would promise to local authorities neither the powers nor the finance they required to defeat the property interests. The plans conform to patterns imposed by land values, which make it prohibitively expensive for local authorities either to prevent much undesirable commercial development or to redevelop congested or obsolete areas as they should. Inherent in the plans, under the guise of "realistic planning", is a surrender to the property, industrial and commercial interests.

The high amenity values of the best residential areas result in a price for land which deters many local authorities from acquiring them—even supposing that the Government agree to the purchase, and the new Bill will rapidly worsen even this bad position. Much of this land is now being rapidly frittered away by private builders who are putting up 4, 10 or 12 houses per acre on land that could well accommodate 30 or more dwellings per acre if developed for working class housing.

The proper solution of the "overspill" problem requires more study, although it is clear that the present method of leaving it to each authority to work out its own salvation is merely dodging the problem.

It is obvious that no solution lies in this way. The only way in which rehousing the people in other areas can be carried through with the least possible "upset" to the "receiving" and "exporting" authorities is for the Government to assume all, including financial, responsibility.

The main task today in most towns and cities is to compel local authorities to concentrate on building the maximum number of dwellings within their own areas, not making the slow progress with "overspill" an excuse for allowing the entire housing and slum clearance programme to grind slowly to a standstill.

Sites can be found. The Party should in every area direct its attention to sites which could be redeveloped at higher densities of between 100 and 150 people to the residential acre. These sites can, above all, be found in the favoured or select areas. They are in fact by far the most pleasant building sites, from which the working class is at present excluded. This should make it possible to break the deadlock which is said to exist in some areas, and enable local authorities to find sites for the erection of flats into which the people from the slums can be transferred, so that slum clearance can be got under way on a big scale.

The solution of these problems involves therefore the upward revision of the maximum densities in the less crowded and more favourably situated parts of the cities and their outskirts to the levels that are considered appropriate in working class areas. We cannot tolerate a situation in which lower densities are considered more appropriate for people with more money.

In pressing for the redevelopment of the more favoured areas at higher densities, and for rapid clearance and redevelopment of the obsolete and slum areas, the Party must not blindly press for the use of all available land for housing. On the contrary, it will be necessary and possible, if these higher densities are adopted, where appropriate to provide a great deal more space than at present, as a result of clearance and redevelopment, for public open spaces, playing fields, playgrounds, schools, hospitals, shops and other amenities or services in working class areas, as well as for housing.

This policy can be implemented if a substantial proportion of the new dwellings, and possibly in some areas all or nearly all the new buildings, are flats. The objections of many families to flats are well founded. In the past working class flats have usually been built in dirty, ugly, industrial areas, to low standards, and without essential amenitie for living in flats. On the other hand, rich families pay enormous rents to live in luxury flats to which these same criticisms do not apply. Flats for the working class must be built to the same standards as for the rich. They must have ample sound insulation, so that families cannot hear everything that goes on in the flat above or the flat next door, central heating and hot water, stores for bicycles and prams, sufficient lifts, enclosed and heated access stairs and corridors, washing and drying rooms, rooms for workshops or hobbies, supervised playgrounds. The flats must be well sited and surrounded by sufficiently well laid-out open spaces, and not dumped down in vacant lots amid docks, railways and factories. But rents of such flats would be prohibitive at current rates of interest and subsidy and if the new Bill is allowed to become law.

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Used in isolation for unplanned and piecemeal slum clearance, which is what the Tories want, flats can lead to bad housing standards, and congestion. As part of well-planned comprehensive development schemes, they can contribute to better living standards.

All this will not be carried out without pressure from the organised movement. The economic and ideological approach to these social questions on the part of Tory and Labour is to patch up and to resist any demand for more drastic action to solve the social problems. Both the Scarborough and the Blackpool conferences show this.

Above all, it should be recognised that only the radical reforms envisaged by the *British Road* can really provide an answer to the age-long housing question.

Contribution to the discussion on

"Whither Trade Unionism?"

Bert Pearce

THE issues raised in Harry Pollitt's article go to the heart of the deep concern which is felt everywhere among active Labour and trade union workers today. We've got a fine movement with great traditions—where are we getting to now? Too many of our comrades most concerned with this problem haven't yet got round to even a cursory glance at the article. What is needed is a drive to discuss it throughout the Party branches for a start.

Pollitt's criticism of the part played by the T.U. movement in recent struggles has just been confirmed in a remarkable study by no other than the Labour Correspondent of *The Times*. If anything could bring a fighting flush to the cheeks of the General Council it should be this contemptuous slap in the face from an organ of those very "partners" for whose business harmony and peace of mind they sacrifice so much. Headed "Concentration of Forces brings results for U.S. Unions", the *Times* article contrasts the methods of leadership used by the T.U.C. in the bus strike, with those of the American unions in the auto-industry.

It describes how the United Auto-Workers put in new proposals aimed at "increased job security and higher purchasing power" when their three-year wage contract ended this May. The "Big Three"—General Motors, Fords, Chrysler—refused any improvement on the old terms. The unions kicked off with a powerful campaign to win public support for their case, stressing that higher wages were more needed than ever when unemployment was growing, and exposing profiteering in motor price policies. When conciliation was rejected they took a secret strike ballot, resulting in a nine to one majority for action. With this to back them they offered to make one more effort to settle the issue round the table.

Meanwhile the A.F.L.-C.I.O. Executive Council pledged full moral and financial support of the united labour movement for the auto workers. They set up a committee consisting of the presidents of seven of the most important unions "to raise funds and give practical support organisationally and financially to the U.A.W. and its members" in the event of a strike or lock-out. The Steel Workers' Convention followed by pledging the whole of their treasury (about £12 million) to the support of the auto-workers. The steel workers themselves face a struggle over new contracts next summer, which no doubt will be influenced by the results in the motor industry.

The climax of the campaign is put tersely in the *Times* article: "The auto-workers selected Fords for their first attack, and the strike began on September 17th. A settlement was reached a few hours later. Mr. Reuther then turned his attention to General Motors and Chryslers."

Contrast with the T.U.C.

What a contrast between this energetic, united action and the part taken by the T.U.C., who only passed their resolution of support and appealed for financial aid for the busmen *after* the strike had started, and "then took no further action in the matter of financial support except to pass on what moneys individual unions cared to send them" (*Times*). This lack of campaigning for support and public understanding of the strike was noticeable throughout the country.

Even more glaring is the contrast with the American determination to concentrate all the forces necessary to defeat the selected enemy. The *Times* article makes much of the difference between throwing all your forces against one firm

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at your own chosen time, and the proposals to spread the strike to other industries such as rails, during the bus dispute. More significant is surely that the General Council and top leadership of the unions opposed *any such form* of bringing all the power of the movement to bear.

Thus the Government's wages policy was challenged in a public industry whose stoppage was not immediately vital to the economy, but the challenge was denied the effective support of action in other sectors which *would* have been vital. As *The Times* concludes:

> "They [the T.U.C.] decided at Bournemouth for the third year in succession that they will fight for higher wages. However unwise such an unqualified decision may be, once it has been made it seems odd that they should not try to choose the most favourable battlefield and concentrate their strength there, as the American unions try to do."

This undeniable analysis of the defeatist tactics of T.U. leaderships here raises several sharp questions. Why are our leaders so mortally afraid to arouse any decisive class action when the American T.U. big-shots, many of them heavily backing a "high-profit free-enterprise system", lead their forces into direct action with a will? No doubt there are many sides to this question in the American movement itself, but surely a key factor here is that our trade union leaders are sitting on top of a movement with over a century of socialist agitation behind it. Three Labour Governments have not left much of a dent on capitalism, but they are evidence of the basic aim of our working class movement—to change the class in power and build a new system. What our right-wing leaders fear is that to call forth the united strength of the working class in action would be to stimulate the revival of a really socialist left, united from the factories upwards and rooted in an industrial movement which had felt its own power.

In our analysis of this year's "standstill T.U.C." I think we have not sufficiently noted that the gulf between the dead-pans on the platform and the frustrated militancy of the rank and file is not standing still. It is getting dangerously wider.

One part of the answer is clear. The rank and file has exerted itself effectively over the past period to defeat the policies of wage freeze and accommodation to capitalism. It must find the way to exert its influence with the same unity and effect in electing and controlling the leaders who are to carry out the policies demanded by the membership. In how many unions today do we have progressive policies endorsed at annual conferences, and then shelved by leaderships which in spirit, and sometimes in open fact, work against them? The methods of smear and witch-hunt are still allowed to have far more effect in the election of leaderships than the determination of policy. The remedy is for all sectarianism and individualism to be put aside in the interests of securing the most militant and genuine Executive members and officials whose policy is in line with the wishes of the members.

That the rise of mass struggles will give a basis for a revival of socialist purpose is true. But the reverse is an even more neglected truth. As Pollitt puts it — without more socialist propaganda throughout and by the entire Labour movement. . . . :

> "First it will be harder to bring about the drastic re-organisation of the trade union movement that is so urgently necessary.
>
> "Secondly the daily struggle against capitalism will become more difficult.
>
> "Third, the movement for the transition from capitalism to socialism will be even longer delayed."

Our experience in the motor industry bears this out. The workers are ready to act and stand together. They are doing it every day on the issues they face in the shop. This goes for young and old alike. The spirit to have a go is there. First class rank and file leadership has shown how there is deep feeling for effective unity on a factory, combine and industry scale. At the same time such unity in action inevitably comes up against the central contradictions of the profit system and demands far more drastic policies and leadership at national level. Instead they too often get discouragement and frustration.

Socialism for our Time

These are the terms of our struggle today, and under them the only antidote to defeatism, division and cynicism is the grasp by the main body of militant workers of the perspective of socialism as the condition for solving our problems. There will be no defeatism if the endless series of partial successes and setbacks serve to feed our determination to win real political power for our class. This will uproot the hangers-on of capitalism and solve the vicious circle of wage claims, refusals, produce more, unemployment.

Because of this I have been very concerned at the reaction of comrades in a number of discussions about the collapse of the Left at the Labour Party Conference. Put in a nutshell their feeling seems to be—"So much for all the talk about a growing left movement. Now we'll have to revise some of our ideas in *The British Road to*

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Socialism." By revise they appear to mean "stop watering down our policy in the search for unity with a supposed Left. Come out with something 'stronger', more revolutionary'."

I think we should ask all such comrades: "When did you last read *The British Road*?" and ask ourselves "What have we done as a Party to get the basic ideas of *The British Road* discussed, understood and fought for by our comrades?" Surely if there is a missing link in the situation this is it. If ever anything justified up to the hilt the line so vigorously declared in *The British Road* it is the present state of the Labour Party.

Far from watering down our socialist policy, our programme puts right in the forefront that it is precisely the lack of a revolutionary aim, the dodging of the issue of class power, which is the central weakness of the movement today. As for the Left movement, which unquestionably must grow on the widest basis, it is *The British Road* which points out that the powerful grasp on the movement of the right wing, both in reformist ideas and in control of the machine, will only be broken to the extent that we build a strong Communist Party and *Daily Worker*, and break the barriers which prevent the rest of the left from working in unity with us.

How do our comrades overlook or misunderstand this essence of our programme? Maybe because it is a lot easier to accept in words than to put over and win support for in the workshop or the T.U. branch. But there is no other way—neither sinking ourselves in the economic struggle alone, nor following the Trotskyites in the search for a super-revolutionary slogan to solve it all. *The British Road* doesn't need changing. It needs to be taken, read and hammered out with all its serious lessons for us in the daily struggle in the factories, branches and trades councils. Here to hand is the expression of real twentieth-century socialism, the idea that will become a material force when it has gripped the masses, and will transform our working class movement into an irresistible power for peace and socialism. No one who talks with the workers who are building up shop stewards' organisation today can answer the question "Whither Trade Unionism?" without seeing that it is this central purpose of working class power which is the heart of the answer.

To add one word about the youth. There is often (not often enough) discussion about the policy the unions should have for young workers. All well and good, but the main answers here will be found by the youngsters themselves. We sometimes find it possible to argue and reach all the conclusions on what is best for the young trade unionist, without involving the lads and lasses most concerned. There are difficulties, but surely if a little more attention were paid by shop stewards and District Committees to bringing the young workers together, helping them to get organised, they would soon begin to declare their own needs and push us around to get them.

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